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Southeast Asia Report

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SOUTHEAST ASIA REPORT

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RURAL CRISIS SINKS HOPE OF NATIONAL, LIBERAL AMALGAMATION

Sydney THE AUSTRALIAN in English 22-23 Mar 86 p 12

[Article by David Wilson]

[Text] WHILE the federal Liberal-National coalition Opposition has smoothed over its latest differences about the Government's proposed moves on sex discrimination, the conservative parties in NSW and Victoria are drawing away from any ideas of amalgamation.

In NSW, where the Liberals and the Nationals have a coalition Opposition, the rural crisis has added to the already strong opposition among the National Party's 47,000 members to amalgamating with the Liberals.

In Victoria, the bitter feeling between the two conservative parties is ready to rise again. National Party officials conceded this week that there was almost no hope that the State Liberal Party would offer them a winnable position on a joint Senate ticket, thus forcing the 27,000-strong Nationals to field their own Senate ticket again.

The amalgamation of the Liberals and Nationals in NSW has been a continuing debate within the parties since the Coalition lost power in 1976.

The NSW National Party Leader, Mr Murray, says that amalgamation between the Nationals and the Liberals in his State "is further away than it has ever been".

"Until such time that there is a motion coming from the State conference of the party for amalgamation, absolutely no action will be taken," he says.

In the past 12 months the pressure from National Party members affected by the rural crisis

has strengthened the party's resolve to remain independent.

"At the same time with our independence, by co-operating with the Liberals we can achieve a hell of a lot," he says.

In NSW, the coalition Opposition holds joint party meetings, joint front-bench meetings, has a joint Legislative Council ticket and a joint Senate ticket, which returns one National senator to Canberra.

The NSW Nationals have 21 members of State Parliament, the Liberals 30.

This puts them in a much stronger position than their Victorian counterparts who have 15 members in the two State Houses compared with the Liberals' 48.

Joint Senate ticket out

The Victorian Nationals do not have a senator and hold only three House of Representatives seats, while the NSW Nationals have 10.

There have been continuing calls for amalgamation of the two conservative parties in Victoria for the past 25 years.

The election last year that returned to power the Labor Government of Mr Cain renewed calls by disappointed Liberal and National Party members for amalgamation.

The State Liberal Leader, Mr Kennett, and the National Party Leader, Mr Ross-Edwards, were at pains to appease the amalgamation calls from within their own ranks and called for closer co-operation between the par-

ties. But 12 months after the poll, amalgamation is further away than ever.

The Victorian National Party was ousted from the joint Senate ticket for the last federal election in 1984 - ending 25 years of tradition.

Although attempts were made by the former federal Liberal leader, Mr Andrew Peacock, Mr Ross-Edwards and other senior National officers to change the Liberals' mind they would not budge.

The Liberals appear ready to do the same again when Senate preselections are called later this year.

Liberal sources are adamant that the Nationals will not get the third winnable position on a joint Senate ticket and will be forced to run a separate Senate ticket as they did in 1984.

The Nationals allegedly put half a million dollars into running their Senate campaign in 1984 but their candidate, Mrs Shirley McKerrow, won less than 4 per cent of the vote.

Farm revolt based in NSW

In Victoria, the Nationals have not been in coalition government since 1949 when a Liberal-National government fell because of disagreements over the handling of industrial disputes.

In the 26 years of Liberal government in Victoria that began in the early 1950s, the Liberals' support was so high that three successive leaders, Sir Henry Bolte, Sir Rupert Hamer and Mr Lindsay Thompson never had to look to the rural party as a coalition partner.

The Victorian Nationals sit in Opposition with the Liberals but not in coalition - there are no joint party meetings and each party has its own portfolio spokesmen.

The State director of the Victorian National Party, Mr David Litchfield, says that there is no "substantial" move within his party for amalgamation. The same is being said by many Liberal officials about the attitude of the Victorian Liberal Party.

The Nationals' chances of getting back into office in Victoria are, however, better at the next State election than they have been for years.

There are only four seats between a Liberal-National Party coalition and the Labor Govern-

ment and while the Liberals are saying they are certain to win enough seats in their own right, a far more likely outcome would be for a government decline to the point where a Liberal-National government could take over.

While the rural crisis has helped bring to an end any moves by the State National parties toward amalgamation with the Liberals, it has also helped ensure that the Nationals will not move into major metropolitan areas again in the foreseeable future.

In 1981, while the roots of the rural crisis were starting to unnerve the grass-roots officialdom of the Victorian and NSW National parties, their hierarchies watched in awe as the Queensland Premier, Sir Joh Bjelke-Petersen, routed the State Liberals and drove his party into metropolitan Queensland.

The Queensland crunch had an immediate effect on the Victorian National Party - within weeks Queensland National Party officials were in Melbourne addressing Victorian National Party officials on how the suburbs could be won.

The Victorian Nationals decided to contest about nine outer-metropolitan seats - some of them held by the Liberals - at the December 1984 election.

The result was disastrous, with some candidates almost losing their deposits.

In NSW, the message had come earlier - at the March 1984 State election the Nationals failed to gain the support of the urban voters and left the Wran Labor Government with several rural seats that should have returned to the Coalition if voters had shown the mildest disenchantment with the Government.

The message was clear in both cases - the State Nationals should go back to their rural base.

Mr Murray immediately on assuming power in July last year made it clear that under his leadership the NSW Nationals would "go back to the bush".

"We have not been involved in running around city electorates or close city electorates since. We went back to our base from where started in 1919 - we were formed then in very similar circumstances to which exist today," he says.

Mr Litchfield agrees that the 1984 decision by the Victorian National Party to run metropolitan candidates was "nothing

short of a disaster".

"The vast majority of the party's efforts are being concentrated in rural Victoria," he says.

But as the Nationals were returning to the bush last year, the bush was increasingly in uproar over spiralling costs and dwindling returns.

Urban move disastrous

Many grass-roots members of the two National parties became increasingly concerned the party had missed the militant mood of the farmers.

Mr Murray says that this has been redressed in NSW and touts his party's membership figures to prove it.

"There has been a massive up-

surge in the NSW State National Party membership - we have a net increase of 2300 members in the last nine months and have opened about 14 new branches in that period," he says.

"The rural revolt has galvanised rural NSW and we have been very successful in linking up the bush, agriculture and small business - look at last month's rally in Dubbo."

While the NSW Nationals claim membership has increased to 47,000, the Victorian Nationals have watched theirs drop from about 30,000 to 27,000 over the past three years.

Mr Litchfield argues that much of this decline can be attributed to very old members leaving the party and says there has been a small, but noticeable, increase in younger membership.

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CSO: 4200/919

VICTORIAN APL REJECTS BID TO REMOVE UNION CODE

Sydney THE AUSTRALIAN in English 24 Mar 86 p 3

[Article by Paul Austin: "Hawke Scores Victory in War to Outlaw BLF"]

[Text]

THE Hawke and Cain governments won a notable victory at the weekend in their war against the Builders' Labourers Federation (BLF) when the left-dominated Victorian ALP rejected a move to have the controversial building industry code of conduct torn up.

The Socialist Left, which normally votes as a block, split at the ALP State conference on a motion moved by hard-line left-wing unions that the code — the Government's major weapon in the battle to outlaw the BLF — be removed because it attacked the entire union movement.

The motion, drawn up after hurried consultation between the warring old and new guards of the Left, shocked and angered the Premier, Mr Cain, and his deputy, Mr Fordham.

They responded by launching another tirade against the BLF and warning conference delegates that if the motion were passed the party would be heading for direct confrontation with the Federal and State governments.

After a bitter debate, during which Mr Cain was jeered and the Victorian Minister for Industrial Affairs, Mr Crabb, was accused of conducting a disinformation campaign against the BLF "which would make Goebbels turn in his grave", the motion was lost by only seven votes, 188 to 181.

The militant old guard left voted solidly in support of the motion.

The more moderate new guard split, ensuring it was lost. ALP sources said the Municipal Employees Union and the Clothing Trades Union, both associated with the new guard, had opposed the motion.

Mr Cain and senior government ministers hailed the vote as a small but significant victory that marked a watershed in the ALP's attitude to the BLF and virtually guaranteed the union would be destroyed within the year.

The Victorian ALP has previously embarrassed the Government by passing motions demanding that it abandon legislation to deregister the BLF.

It urged the launching of a public inquiry into the case which led to criminal charges being laid against the union's general secretary, Norm Gallagher.

Concern

Mr Cain had defied the party by ignoring the resolutions.

He made clear on the weekend that the motion calling for the code of conduct to be discarded would also be ignored if passed.

The motion, moved by Mr Bill Davis of the militant Plumbers Union and seconded by Mr David Grove of the Food Preservers' Union, expressed concern over the ramifications the code had on all building unions, and called for its removal.

It also called on conference to disassociate itself from State Government threats to refuse power, water and per-

mits to building contractors who did not sign the code.

The code, drawn up by the Victorian Government and supported by the Federal Government, locks building employers into banning the BLP once it is deregistered.

It also prohibits cash-in-hand payments, the 35-hour week or payment of the 1.5 per cent national wage rise to BLP members.

Mr Cain and Mr Crabb have repeatedly warned that any employer found to be in breach of the code would be effectively forced out of business by being denied access to government work, water, gas and electricity.

Mr Davis told the weekend conference that the code was designed to attack the BLP, but was being used daily against other building unions, including the Plumbers' Union, the Painters' Union, the Electrical Trades Union, and the Building Workers' Industrial Union.

Employers were "hiding behind the code" and refusing to implement deals with unions on working hours, superannuation payments and long service leave entitlements.

Mr Orove accused the Cain Government of launching a shameful attack on all unions. He described the code as one of the most unfair tactics any government had used in living memory.

An ETU official described the code as "a green light for the employers to hit us over the head".

He warned the Government that the ETU would ignore any directive to cut power to contractors.

Mr Cain, in a powerfully delivered speech, said the State Government had faced frustration and delay in numerous building projects, not because of protest against conditions in the industry, "but because of one union, and you all know it".

"One union and one person who put himself above the law," he said. "We were told we'd get peace in the industry if we dropped the charges against Norm. I've told you before, we're not going to buy peace that way."

Mr Cain said the BLP, which

still refused to comply with national wage-fixing guidelines and industry agreements, had the "temerity" to ask for "succour" from the conference.

Tax

He said the code merely ensured that building employers who did not comply with the law did not get government support.

It banned cash-in-hand payments, which were designed to avoid workers' compensation and payroll and income tax.

"What we're saying to those developers that aren't prepared to comply with the law is: 'Don't come along and expect government jobs, and don't come along and expect that we'll go on providing the resources of the State to help you break the law'," Mr Cain said.

He concluded by telling delegates: "The matters to your hands. If you wish this confrontation to continue, and I hope you don't, you'll pass the resolution. If you don't want it to, you'll defeat the resolution."

Mr Fordham angrily told delegates the motion ignored reality and was divisive, destructive and a direct attack on Labor governments.

He said the "renegade BLP" had caused years of turmoil in the building industry. Its outrageous behaviour meant it could no longer expect the protection and help of the union movement or Labor governments.

The Government had a responsibility to the children and patients harmed by BLP bans on the construction of schools and hospitals.

"These years of turmoil had to be brought to an end. There was a second chance and a third chance and a 10th chance, but the time for chances has passed, and it's ludicrous for this conference to be looking backwards," Mr Fordham said.

"Now is the time to be looking forward, and that code of conduct has to be seen quite properly as a step in that direction."

DRY CONDITIONS FORCE NSW LIVESTOCK SELLOFF

North Richmond THE LAND in English 20 Mar 86 p 3

[Text]

EXTREMELY dry conditions and stock water shortages have forced a sell-off of sheep and cattle providing bargains for those with feed or prepared to gamble on autumn rain.

Some agents are quoting sheep \$10 a head below 1985 values with can-fix-age ewes selling for little more than skin value.

Many parts of western NSW are said to be experiencing the worst stock water shortages for more than 30 years.

Coonamblie and Wilcannia and to the west of Armidale on the Northern Tablelands are the worst affected areas and many landholders are carrying water.

The NSW Pastures Protection districts of Walgett, Brewarrina, Bourke, Cobar, Parkes, Cootamundra, Wilcannia and Wentworth are drought declared.

Narrabri is expected to receive a retrospective declaration for March.

Most other districts in Northern NSW are to be "seriously considered" for drought status at the end of March, according to the NSW Agriculture Department.

Shadow Primary Industry Minister, Mr Ralph Hunt, warned that Australia's eastern states were on the brink of another drought.

He said there was no way stressed embattled farmers would be able to cope with a major drought without Government assistance.

The National Climate Centre superintendent, Mr Bill Kinimoth, Melbourne, said warm Pacific Ocean temperatures and stronger than normal westerly winds had blown cyclonic activity out to sea instead of allowing it to bring rain to the mainland.

"It is early yet, but conditions are shaping up to be very similar to the 1982/83 drought.

"Once a pattern like this sets in it takes a mighty big shift to get rainfall back to normal."

In the New England early season frosts have triggered an "autumn selling panic" and only top quality young sheep are selling readily at reasonable prices.

Armidale agent, Mr David Armitage, said older Merino ewes, discounted by as much as \$10 a head on March, 1985, prices, were good buying for "brave" sheepmen.

Mr Armitage said broken mouth ewes, with a \$3.50 skin, had sold at Armidale for \$2.50 to \$2.80 while similar wethers were making only fat value.

Mr Armitage said prices for young stee cattle had slipped 25 to 30pc below the mid January price peak.

Cootamundra PP Board ranger, Mr Len Brown, said the last decent run-off rain in the area had fallen 16 months ago.

"More than 60pc of the ground tanks are dry or unusable and stock are being sold or moved out," he said.

Wilcannia Board secretary, Miss Rayner Brown, said carrying water for stock was widespread as most ground water tanks were low or unusable.

Stock were being moved to SA and the Dubbo area as graziers were keen to keep their breeding stock (after the drought and fires of last year, Miss Brown said).

Cookabbin farmer, Mr Chris Chumney, "Wardle Valley", said one of his dams was half full but the rest were empty or nearly empty.

Unless he received rain by April, he would be in trouble, he said.

Armidale agronomist, Mr Mick Duncan, said conditions were better towards the eastern fall around Ebor, but to the west of Armidale around Bundarra and Kingstown, landholders had received little run-off rain for 15 months.

Stock water supplies were "pretty grim," and many were carting water or selling stock.

The dry conditions meant that few Northern Tableland graziers had been able to grow winter oats.

Cooma sheep and wool officer, Mr John Cahill, said the whole of the Monaro and Southern Tablelands had been very dry for the past three months.

Supplementary feeding of young sheep had begun and without rain in the next four to six weeks, graziers would be in for a tough winter.

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CSO: 4200/919

EC OBJECTS TO NEW SPECIAL TRADE COMMISSIONER

North Richmond THE LAND in English 20 Mar 86 p 5

[Article by Rod Metcalfe, Rural Press News Bureau: Aust-EC 'Cold War' Brews"]

[Text]

A NEW 'cold war' is brewing between Australia and the European Community because of a row over the appointment of a new Australian Special Trade Commissioner to Europe.

The EC has been extremely annoyed by a barrage of criticism by Canberra of its farm and trade policies, but it hasn't been keen to retaliate to avoid a major rift.

But the EC has apparently taken particular exception to comments made during -- and the circumstances surrounding -- the appointment of Mr Lindsay Duthie, formerly the secretary of the Department of Primary Industry, as Special Trade Commissioner to Europe.

The EC believes Mr Duthie has been advised to deal with EC member states separately in an attempt to divide and weaken the community's position on a number of farm and trade issues.

Mr Hawke is still expected to meet with the President of the European Commission, Mr Jacques Delors, in Brussels or Luxembourg on April 22, after the Prime Minister's Washington talks with the US President, Mr Reagan, on farm and agricultural trade issues.

The Canberra office of the EC said Brussels was keen to have the Hawke-Delors meeting go-ahead despite the cancellation of ministerial talks due to get underway in Australia early in April.

The talks, involving EC Minister for External Affairs and Trade, Mr Willie Le Clerq, were to be part of the series of annual discussions between the two groups.

But Mr Le Clerq's visit was cancelled and the talks postponed last week as the EC reacted to what it considered "unfriendly" comments made by Australian Ministers and members of the Government.

Brussels has complained that while it is aware Australian farmers are having a "tough time", Australia must remember that so too were farmers in Europe and the US and that it was not fair to continually blame the EC for all problems.

A representative of the commission said this week Mr Le Clerq's meeting had been delayed until the talks could be held in a more "constructive" atmosphere.

He said Brussels had felt several recent public remarks made in Australia had not been conducive to a "constructive" dialogue between the two parties.

EC officials this week were quick to downplay the latest strains and were keen to push on with a visit to Europe next month by the Prime Minister, Mr Hawke.

They were also quick to deny suggestions that relations have sunk to the low point reached during Mr Fraser's years as Prime Minister when he is reported to have threatened to cut off uranium supplies after leaving a particularly stormy meeting with EC officials.

Brussels has, in the past, made no secret of the fact that it has preferred dealing with the Hawke government and its previous low key negotiating and talking style.

They point to the Andreessen agreement on beef as proof of the effectiveness of such an approach.

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CSO: 4200/919

EDITORIAL CRITICIZES GOVERNMENT AID TO SANDINISTAS

Sydney THE AUSTRALIAN in English 24 Mar 86 p 10

[Editorial: "Contradictory Aid"]

[Text] ACCORDING to Senator Gareth Evans the Federal Government is considering sending medical supplies to Nicaragua's Sandinista Government in order to assist it to minimise the effects of the guerilla campaign being conducted by the rebel Contras. If the Government does give aid to the Sandinistas, it will be guilty of a twofold folly.

The so-called Contras are resisting an increasingly oppressive regime. The Sandinistas are not entitled to Australian support, whether moral or material. If we are to aid democracy's enemies to defeat those who are risking their lives to re-establish a free society, we shall betray the democratic principles for which Australia claims to stand.

If the Government does decide to align itself with the Sandinistas in the manner suggested by Senator Evans it will, moreover, set itself firmly against the United States administration and thereby seriously damage Australia's national interest.

When the Somoza dictatorship that had misruled Nicaragua for almost half a century was overthrown in 1979, there was general rejoicing among the Nicaraguan people. Their elation was shared by democratically minded people throughout the world.

It was not long, however, before it became evident that the Sandinista leadership was intent on establishing a Marxist-Leninist dictatorship based on the Cuban pattern and that the new-found freedoms would have a short life.

The press was subjected to a censorship at least as oppressive as that imposed by the Somoza autocracy. Trade unions, political parties, churchmen and private citizens who had resisted the old regime and helped and welcomed the Sandinista victory found that they had been cruelly misused by their country's new rulers.

The character of the Sandinista Government was illustrated in a speech given last November by its Minister for the Interior, Mr Tomas Borge.

He complained that "reactionary propaganda" was "confusing the masses". He spoke of the need to win the "ideological war" as well as the "military war". He identified "the enemy" as the Catholic Church, what was left of the independent press, and the surviving opposition political parties. These enemies, he said, "do not fire bullets. They fire ideas, but that is a dangerous arsenal."

Whatever opinions might be held by Australians of the Reagan administration's unsuccessful attempt to provide military help to the Contras, there can be no justification for an Australian Government to throw its support behind their totalitarian enemies.

For the sake of Central American democracy and of our alliance with the United States, Mr Hawke should waste no time in reversing the decision which, according to Senator Evans, his Government has taken.

SANTAMARIA HITS CATHOLIC AID TO PHILIPPINE LEFT

Sydney THE AUSTRALIAN in English 25 Mar 86 p 13

[Article by B.A. Santamaria in "Politics—A Personal View Column": "How Christian Charity Can Succour the Communists"]

[Text]

THE Joint Parliamentary Committee on Foreign Affairs and Defence is conducting hearings into all aspects of Australia's relationships with the Philippines.

Among other subjects, it will be called on to evaluate proposals that overseas economic aid, running into millions of dollars provided from public funds, should be increasingly channeled into the recipient countries not by the Foreign Affairs Department's own agency, but through non-governmental organisations.

However otherwise plausible the supporting arguments may be, this recommendation should be cautiously assessed.

It is now clear that some evidence suggests that several of development aid agencies, both here and overseas, subordinate the proper purpose of international economic aid — which is ultimately to assist the poor in underdeveloped countries either by direct assistance or through more long-term development projects — to political ideologies which are generally left-wing and not infrequently Marxist in inspiration.

In other words, international charity becomes a form of social engineering based on an ideology which, wherever it has been applied, has ushered in economic failure and political tyranny.

As far back as February, 1982, Professor Feith of Monash University, a consistent

apologist for left-wing causes, pointed approvingly to what he called the "radicalisation" of development aid agencies, transforming them into vehicles of political and social change.

"Radicalisation" as described by Professor Feith involves not only the conversion of these agencies to a consistent left-wing and not infrequently Marxist policy, but in the case of a few the dispatch of substantial funds to organisations in countries such as the Philippines which pursue the course of "armed struggle".

Particularly for religious organisations, a serious ethical problem arises when large sums of money, raised for explicitly charitable purposes, are diverted to political, ideological and military organisations abroad, purposes never remotely within the intentions of the contributors.

The Catholic hierarchies in several countries have addressed themselves to this particular ethical problem.

For example — Cardinal Trujillo, Archbishop of Medellin, recently protested against activities of Western development aid agencies in Latin America.

"I have met several Latin American bishops," he said, "who have registered complaints against activities of North American and European development agencies which finance projects which

conflict with their pastoral work."

Was it a calculated strategy to "destabilise" the Church, the cardinal was asked. Cardinal Trujillo replied: "I am, alas, absolutely convinced of it." (Paris, *Le Figaro*, January 25, 1986)

The French Catholic Bishops Conference recently blocked a grant of 200,000 francs voted by their own agency, OCFD, to assist the nationalists. *Kanak Journal*, Bwenando, in New Caledonia.

The *Time* correspondent in South-East Asia, Ross H. Munro, reported on the organising and financial activities of the former Filipino priest, Luis Jalandoni, who now serves in Holland as representative of the Philippines (Communist) National Democratic Front.

"Jalandoni's most important task has evidently been raising funds for the communist movement back home in the Philippines.

"He seems to have been very successful. As far back as the summer of 1981, according to unchallenged affidavits, Jalandoni provided \$30,000 for travel and transportation to the CPP arms smugglers who passed through Europe on their way to South Yemen.

"Today, the amount of money flowing into the Philippines from Western Europe each year is estimated by Philippine and US analysts to be at least in the hundreds of thousands of dollars.

"As already noted, the lion's share of this money seems to be flowing from church-related bodies in Europe to communist-dominated organisations within the Roman Catholic church in the Philippines." (Commentary, December, 1985)

The attitude of a number of Filipino bishops to the forces receiving this financial aid is not in doubt.

Bishop Claver, a Jesuit bishop of the Mindanao Diocese of Malaybalay, Bukin-don, is "the best known spokesman of what might be called the 'progressives' in the Catholic Bishops Conference" (Denis Shoemith, in *The Philippines After Marcos*).

Bishop Claver was the leader of the Mindanao Bishops who dissolved Mindanao-Sulu Pastoral Confer-

ences which had been thoroughly infiltrated by pro-communist clergy.

Originally an official body of the Church, this had served as a transmission belt through which money from Church sources in the West passed to the Filipino communists.

He stated that its secretariat, without the knowledge of the bishops, pushed projects which advanced the NDP revolution.

There was strong evidence he said, that some of the staff were card-carrying members of the communist party.

On May 15, 1982, Bishop Claver added: "The churches of Mindanao-Sulu are being used to further a political end that some in the secretariat and board have decided we must all support because, so their constant refrain goes, 'the people have so decided'.

"It is bad enough for us to be used simply used. It is worse when we do not agree with the end for which we are used, and worst of all when those ends go against everything we hold sacred as Christians."

It is within this context that one should examine whether the Filipino organisation Task Force Detainees Philippines is a subsidiary organisation of the Philippines Communist Party.

Any politically informed person in Manila knows that it is a communist front. Mr Ross Munro of *Time* visited its office and reported: "The TFD has never made a secret of its politics.

A visit to its offices in suburban Manila finds activists, widely reputed even by leftists to be communists, wandering in and out and being treated by the TFD staff with everyday familiarity.

"Staff members talk about their plans to attend rallies organised by a communist-front group.

"The head of the TFD, Sister Mariani Dimaranan, has remained on the executive board of BAYAN, one of the most tightly controlled of those fronts, even though virtually every independent leftist on the executive has quit in protest against the CPP's heavy-handed domination.

"Gerardo Bulatao, for sev-

eral years the key administrator of the TFD's parent organisation, the Association of Major Religious Superiors, was sentenced this year to 20 years in jail after the Government made a strong case that he had played an important role in the communist insurgency on the island of Samar."

Munro added: "The TFD currently has a staff of 280

and a large budget. Most of the money comes from foreign church-related organisations, but the TFD refused to answer both oral and written questions this summer about the origin and amount of the donations and the size of its total budget." (Commentary, December, 1985)

In good conscience, how can money contributed for the poor be given to such a body?

/12851

CSO: 4200/919

PRC'S GOVERNOR OF YUNNAN HOLDS TRADE TALKS IN RANGOON

BK150917 Rangoon Domestic Service in Burmese 1330 GMT 14 Mar 86

[Text] Mr He Zhiqiang, the visiting governor of China's Yunnan Province, and members of his delegation, accompanied by PRC Ambassador to Burma Mr Zhou Mingji, called on Trade Minister U Khin Maung Gyi at 1700 today at the Trade Ministry. Also present at the meeting were Colonel Yan Naung Soe and Colonel Tin Gyi, deputy trade ministers, and U Tin Aung Tun, director general of the Department of Trade.

In the afternoon, the governor of Yunnan Province and his delegation held talks on trade with responsible officials from various commercial enterprises at the Trade Ministry.

At 0900 this morning, the governor of Yunnan Province and his delegation visited the Tantaya Rice Mill of the Agriculture and Farm Produce Trade Corporation in Pazundaung. They were welcomed to the mill and briefed on its operation by U Tin Aung Tun, director general of the Department of Trade; U Ohn Khin, managing director of the corporation; Major Hla Tin, general manager; U Ye Aung, supervisor of the mill; and responsible officers.

The delegation then proceeded to the National Sports Stadium project in Thuwana where they were welcomed by U Aung Din, director general of the Department of Sports and Physical Education; U Myint Tun, deputy director; and responsible officials.

In the evening, U Xyaw Thein, chairman of the Rangoon Division People's Council, hosted a dinner at the Karaweik Hall for the Yunnan Governor He Zhiqiang and his delegation.

/9274

CSO: 4211/44

BRIEFS

NEW ZEALAND ENVOY—Mr Bruce Macdonald Brown, newly accredited ambassador of New Zealand, presented his credentials to U San Yu, president of the Socialist Republic of the Union of Burma, at the President's Office on Windemere Road at 0900 today. Also present on the occasion were Colonel Aung Myint Baw, director general of the President's Office, and U Aung Thant, director general of the Foreign Ministry's Protocol Department. [Text] [Rangoon Domestic Service in Burmese 0630 GMT 10 Apr 86 BK] /9274

JAPANESE GRANT FOR 1985-86—U Nyunt Maung, deputy minister of planning and finance, and Mr Masao Tsukamoto, Japanese ambassador to Burma, this afternoon signed a memorandum of understanding at the conference hall of the Ministry of Planning and Finance. Under the agreement, the Japanese Government will provide the Socialist Republic of the Union of Burma with a grant of 1.1 billion yen—about 44.8 million kyat—for the 1985-86 fiscal year. The grant will be for the procurement of iron rods and corrugated iron sheets to be used for the construction of schools, hospitals, bridges, public buildings, public housing, and cooperatives as well as for distribution to victims of natural disasters. [Excerpt] [Rangoon Domestic Service in Burmese 1330 GMT 8 Apr 86 BK] /9274

CSO: 4211/44

OFFICIALS, OTHERS REACT TO AUSTRALIAN ARTICLE ON SUHARTO

JAKARTA POST Views Flap

BK161046 Jakarta THE JAKARTA POST in English 14 Apr 86 p 1

[Text] Jakarta (JP)—The Indonesian ambassador to Australia has confirmed the indefinite postponement of a scheduled visit to the southern continent by Minister of Research and Technology Bakhruddin Yusuf Habibie.

Ambassador August Marpaung told THE JAKARTA POST by phone Sunday evening that the minister had notified him of the postponement which came after the SYDNEY MORNING HERALD published articles on alleged financial dealings of the Indonesian president.

Ambassador Marpaung, who happened to be in Sydney Sunday, told the POST that he had lodged a letter of protest denying the allegations carried in last Thursday's edition of the SYDNEY MORNING HERALD. He added however that the newspaper had not published his letter.

The newspaper's Foreign Editor David Jenkins Thursday ran a series of articles detailing alleged financial dealings of the Indonesian President and his family members, and the stories were immediately copied by foreign news agencies.

Informed sources told the POST the minister had notified Australian ambassador in Jakarta Bill Morrison that his visit was meant to promote further bilateral cooperations between the two countries but that the publication was not conducive to such a visit.

But Australian Foreign Minister Bill Hayden was quoted by a television agency as saying he regretted the abrupt postponement of the visit of Minister Habibie, who was to arrive in Sydney on Sunday.

Jenkins' articles which revealed no sources and were dubbed here "a beat-up job," by an Australian in the closing session of the fourth Indonesia-Australian conference in Jakarta Friday afternoon.

The issue was discussed by representatives of the Jakarta-based Center for Strategic and International Studies and the Australian Department of Foreign Affairs who had read telex copies on the issue.

Participants of the two-day conference had expressed their displeasure over the timing and quality of Jenkins' stories.

They said the journalist who was once stationed here by the FAR EASTERN ECONOMIC REVIEW and who had acquired sufficient and intimate knowledge of Indonesia's political culture should have based his writing on a wider and more sensitive approach.

Australian participants in the conference had appealed to the Indonesian Government to refrain from reacting hastily on the matter.

The impact of Jenkins' articles was expected to be brought up in a meeting here Sunday of Australian chiefs of missions stationed in Asian countries. The meeting was to be chaired by Stuart Harris, secretary of the Australian Department of Foreign Affairs.

Relations between Jakarta and Canberra had been improving, particularly after Australian Prime Minister Bob Hawke acknowledged last August Indonesian sovereignty over East Timor which integrated itself into the country 10 years ago.

Australian Foreign Minister Bill Hayden and Defense Minister Kim Beazley have both made successful visits here in the last few months.

Australian Ambassador Bill Morrison, brushing aside Western diplomats' speculations over a possible setback of the relationship between the two countries said late Sunday evening the bond of friendship between Australia and Indonesia has reached a mature stage, adding that he believes it is not wise to upgrade the issue as a government-to-government problem.

He said convincingly to the POST that the already mature relationship between Jakarta and Canberra provides undoubted reason to settle the case wisely.

/9274

CSO: 4200/924

Envoy Meets With Hayden

BK140715 Melbourne Overseas Service in English 0430 GMT 14 Apr 86

[Text] The Indonesian ambassador to Australia has expressed Indonesia's concern over a Sydney newspaper article to the foreign minister, Mr Hayden. The ambassador, Mr August Marpaung, has described the article as offensive and an insult to President Suharto and the Indonesian people. The article in the SYDNEY MORNING HERALD claimed that President Suharto, his family, and business associates have accumulated assets of between \$2,000 and \$3,000 million from government capital, credits, and concessions.

The article has led to the cancellation of a visit to Australia by the Indonesian minister for science and technology, Dr Habibie. However, speaking after his meeting with Mr Hayden the ambassador said he did not believe the issue had damaged relations between the two countries, and he was optimistic that the visit may go ahead some time in the future.

Speaking in Parliament later, Mr Hayden, said he expressed to the ambassador the distinction between the views of the media and the government. However, Mr Hayden said only a matter of national security would lead the government to interfere with the freedom of the press.

/9274

CSO: 4200/924

Australian Journalists Banned

BK150714 Melbourne Overseas Service in English 0430 GMT 15 Apr 86

[Text] The Indonesian Government has placed an indefinite ban on Australian journalists entering the country. The ban is in response to the publication of an article in a Sydney newspaper critical of the financial dealings of President Suharto.

The Australian Journalist Association describes the Indonesian decision as a tragedy and a terrible disappointment. The federal secretary of the association, Mr (Barry Potter), said [words indistinct] would be made to the Australian Government to find out what could be done to have the ban lifted.

The foreign minister, Mr Hayden, said earlier that the Australian media could not expect help from the government in restoring media relations with Jakarta. The spokesman for the Department of Foreign Affairs in Canberra confirmed that there would be a general ban on granting visas to Australian journalists to visit Indonesia until further notice. The spokesman said no visas would be issued to Australian journalists to cover the visit to Bali next month of the American president, Mr Reagan.

Indonesia has also refused to grant a visa to the new representative of the AUSTRALIAN ASSOCIATED PRESS in Jakarta due to take up the post next month when the present representative there ends his time. Indonesia has registered serious concern over the article to the Australian Government.

The Indonesian ambassador in Canberra has described the article as offensive and an insult to the Indonesian president and the Indonesian people.

/9274

CSO: 4200/924

200 Demonstrate at Australian Embassy

BK150709 Hong Kong AFP in English 0644 GMT 15 Apr 86

[Text] Jakarta, 15 Apr (AFP)—Some 200 people demonstrated Tuesday outside the Australian Embassy in Jakarta, eyewitnesses said, while the Indonesian press unanimously condemned a critical story published by the SYDNEY MORNING HERALD last week.

The front page story, bylined by Foreign Editor David Jenkins, linked prominent figures including members of President Suharto's family to several large Indonesian business corporations.

It has already provoked the cancellation of an official visit to Australia by Indonesian Research and Technology Minister J. B. Habibie.

Some 200 people belonging to KNPI, the sole youth organisation recognized by the Indonesian Government, gathered outside the Australian Embassy Tuesday carrying banners reading 'We don't want Australian press meddling in Indonesia,' and, 'We need an objective press, we don't want to be insulted.'

They waited peacefully outside the embassy while five representatives were received for 15 minutes by Australian Ambassador Bill Morrison.

Indonesian Journalists Protest Article

BK161007 Jakarta International Service in English 0800 GMT 16 Apr 86

[Text] The Indonesian Journalists Association yesterday filed a protest with the Australian Journalists Association against a recent article in an Australian newspaper published in Sydney. The Indonesian Journalists Association said in the cable that although relations between the two organizations have [words indistinct] and also normal contacts, since the upholding of professional ethics should be endeavored. The Sydney daily's slanderous report on Indonesia and its president could damage relations between Indonesia and Australia.

The relations between the two journalists associations have been rather difficult lately and efforts to restore close ties will be hampered by the report, the Indonesian Journalists Association said. It further said that any visit made by Australian journalists in connection with the Confederation of the ASEAN Journalists Exchange Program would not be welcome at the moment.

Meanwhile, a large group of youths, members of the Indonesian National Youth Committee, Jakarta branch, yesterday also launched a strong protest over the slanderous report to the Australian Embassy in Jakarta.

/9274

CSO: 4200/924

AFP REPORTS EX-MINISTER'S PLEA IN SUHARTO PLOT

BK151106 Hong Kong AFP in English 1047 GMT 15 Apr 86

[Text] Jakarta, 15 Apr (AFP)—A jailed dissident and ex-minister pleaded not guilty here Tuesday to charges of plotting to assassinate Indonesian President Suharto.

"The charges are only far-fetched fantasies of the prosecution's reconstruction of the facts," 65-year-old defendant Mohammed Sanusi told Jakarta's Central District Court.

Mr Sanusi, light industries minister from 1966 to 1968, is charged with planning and financing two plots: One to bomb the president's car in Jakarta and the other to blow up Mr Suharto as he was inaugurating rehabilitation works at the Borobudur Buddhist Temple on the main Indonesian island of Java.

The charges carry a maximum penalty of death.

Mr Sanusi is currently serving a 19-year jail term for his part in the bombing of ethnic Chinese-owned properties here in 1984. Two persons were killed in the blasts.

The defendant contended in an 11-page statement that the prosecution's case was based on the evidence of witnesses that had been "heavily tortured" when interrogated by the authorities and whose statements had been oriented.

"It is irrational that I should openly speak about a plot to assassinate the president in front of people whom I don't know," he said in reply to a charge that he had done exactly that at a meeting in Javan city of Yogyakarta in December 1982.

Mr Sanusi also pleaded not guilty to leading a group of Moslem militants, which, the prosecution alleged, had aspired to overthrow the president and establish an Islamic state in Indonesia through violence.

The defendant said he had heard about the militant group but did not know anything about its program, aims or members.

Indonesia's population is about 90 percent Moslem, but advocating an Islamic state is subversion under the country's legal code.

Tuesday's hearing was attended by some 100 people.

Mr Sanusi's defense is being coordinated by former Supreme Court head Umar Seno Adji, defense sources said.

The trial is scheduled to resume Saturday.

/9274

CSO: 4200/924

MURDANI SPEAKS ON CONFLICTS WITHIN PARTY

BK160731 Jakarta ANTARA in English 0711 GMT 16 Apr 86

[Text] Jakarta, 16 Apr (ANTARA)—Chief of the Security and Internal Order General L. Murdani addressed the third PDI (Indonesian Democratic Party) Congress here Tuesday [15 April] exhorting the leaders of the organization to solve and end its internal party conflicts.

"All leaders of the party should be able to restrain and control themselves because your present congress is not an arena for power struggle but a place for the unification of strength needed to face national challenges that will get more serious," he said.

Gen Murdani said the conflicts within the PDI organization which still exist till today could create a situation adversely affecting general national stability. Because of the conflicts, members of the party in the regions could lose confidence and uncertain [as received] as to which leaders they should follow. In turn, such a vulnerable situation could be misused by the enemies of Pancasila.

Thus, he said, in helping consolidate national stability, PDI should work first to solidify stability in its own ranks—and files.

The third PDI national congress was opened by President Suharto earlier in the morning, with more than 1,000 delegates from 300 branches throughout the country attending.

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CSO: 4200/924

BRIEFS

JANUARY TRADE SURPLUS—Jakarta, 8 Apr (ANTARA)—Indonesia's overall exports recorded in January 1986 a value of U.S. dollar 1,747 million, while its imports stood at U.S. dollar 861 million, a surplus of U.S. dollar 886 million. Oil and gas commodity exports recorded a value of U.S. dollar 1,206 million, while that of non-oil and non-gas commodities a value of U.S. dollar 541 million. Indonesia's imports, worth U.S. dollar 861 million, consisted of U.S. dollar 6.7 million of oil and U.S. dollar 854.3 million non-oil/non-gas imports. Indonesian export commodities consisted of plywood, sawn timber, textiles, garments, coffee, rubber, tin, frozen shrimps, spices, electronic goods and cement. Those non-oil/non-gas commodities were exported for the greater part to the U.S., Japan, member countries of the European Economic Community, Singapore, South Korea, Hong Kong, the socialist countries in East Europe and the countries in the Middle East region. [Excerpt] [Jakarta ANTARA in English 8 Apr 86 0730 GMT BK] /9274

CSO: 4200/924

EDITORIAL CRITICIZES BOTH SIDES IN GULF OF SIDRA INCIDENT

Auckland THE NEW ZEALAND HERALD in English 26 Mar 86 p 6

[Editorial: "A Flashpoint Over Libya"]

[Text]

The rest of the world will earnestly hope that yesterday's skirmish over the Gulf of Sirte has vented a good deal of the antagonism built up between the United States and Libya in recent months.

In deadly fashion, both sides have made a point. Colonel Gaddafi confirms he is foolhardy enough to defend with force a sea claim he would be hard pressed to defend at international law; the United States demonstrates more decisively that it will challenge any such attempt to restrict its naval reach in international waters.

Good sense should tell both sides to holster weapons now. Any attempt by the United

States to press its advantage would risk unifying much of the Arab world behind the headstrong Gaddafi, even if the Soviet presence at his shoulder was not reason enough to tread carefully.

Washington achieved its stated purpose on Monday when carrier-based aircraft began exercises within Gaddafi's "line of death." The Pentagon says it allowed six Libyan missiles to pass in as many hours before the retaliation; that suggests the United States seeks no more decisive outcome. The best course for the moment may be to leave the Libyan forces licking the latest wounds incurred through larrikin leadership.

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CSO: 4200/928

GOVERNMENT CONSIDERS FARM RELIEF PACKAGE

Auckland THE NEW ZEALAND HERALD in English 26 Mar 86 p 1

[Text]

The Government is considering a new package of relief measures for farmers hit by high mortgage interest rates on devalued properties.

Unlike the last so-called "farm package" in December, which turned out to be a general mini-budget offering no immediate relief for farmers, there are indications that the Government is now prepared to give immediate mortgage relief as well as further cuts in import duties.

Ironically the cost, expected to be several million dollars, will increase Government expenditure at a time when Federated Farmers has been calling for spending cuts.

The president of Federated Farmers, Mr Peter Elworthy, had a lengthy meeting at Parliament yesterday with the Minister of Agriculture, Mr Moyle, and the Minister of Finance, Mr Douglas.

Afterwards, he said that he did not merely "hope," but "expects," that the Government will act soon to relieve hard-pressed farmers.

"I have made it quite clear to the Government that the position is much worse out there than they were aware of," he said.

"I believe that there are many more farmers who will show a cash deficit,

some of considerable proportions, this year, than has been made public.

"I do not think that mortgage sales should be accepted involving competent farmers. But the Government must move much more actively and vigorously than they have been seen to do so far."

He said the Rural Bank was still taking too rigid a line by insisting that any extra loans must be backed by the security of land valued at the new, lower property values.

"They have to be more realistic," Mr Elworthy said.

Mr Moyle confirmed last night that the Government was considering measures "making mortgages more realistic in relation to the present value of land."

"Since I have returned from overseas [last week], we have taken quite significant moves in the farm finance area," he said.

"Neither the Government nor the private sector wants to see any acceleration of forced farm sales with a consequent collapse of the property market.

"We will be looking at a whole range of propositions over the next maybe two or three weeks."

Mr Moyle said the measures would involve "rearranging" rather than "writing off" mortgages.

"The object is to provide farmers with the means of paying their bills. If that means reducing the cost of servicing their debt, then so be it," he said.

"If that means stretching out mortgages or sharing

equity, provided you give the farmer the opportunity to stay on his land and ultimately recover his full potential, then that is my objective, to keep the industry viable."

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CSO: 4200/928

CABINET APPROVES 12 'PRINCIPLES' TO CUT SPENDING

Some Require 'Commercial Practices'

Auckland THE NEW ZEALAND HERALD in English 29 Mar 86 p 5

[Text]

The cabinet has approved what it describes as "major new programmes to cut Government spending and extract better value from every tax dollar."

But seven of the 12 "principles" of the new policy, unveiled on Thursday by the Minister of Finance, Mr Douglas, do not involve real cuts in expenditure at all.

Instead, they require state agencies to adopt commercial practices such as paying market interest rates, taxes and dividends, and charging for their services.

These principles are:

- Public trading enterprises will be required to fund their additional spending from normal private-sector loans instead of subsidised Government loans.

True Cost

Mr Douglas said this meant that such enterprises would be faced with the true cost of borrowing so that they would stop wasting taxpayers' funds on investments which failed to cover the cost of financing them.

- Enterprises with cheap loans from the Government will be required

to repay and refinance in the market.

- State trading enterprises will be required to pay tax and dividends to the Government. Several, such as the Post Office, are already doing this.

- Some other agencies, such as airports, will also have to pay tax.

- Departments will be given strong incentives to raise revenue to fund their own activities. Again, this is already being applied to the Department of Scientific and Industrial Research and the Ministry of Agriculture and Fisheries.

- Departments will have to recover the cost of supplying goods and services from users, including other departments, instead of providing them free or below cost at the taxpayers' expense.

Mr Douglas said a decision to make departments pay rent to the State Services Commission from Monday, had already made them keener to use their office space more efficiently.

- Departments facing difficult transition problems over commercialisation will be given adjustment assistance.

Efficiency

Two of the remaining five principles are also aimed at saving money

through greater efficiency, rather than direct cuts.

They are:

- New incentives will be set in place to improve departmental asset-management policies. Mr Douglas cited under-used state-owned land in several cities which could be sold off.

- Overall funding reductions will be used where necessary to encourage improved departmental efficiency.

"Where improved efficiency was required of specialised departments, the Government would simply reduce the total vote," Mr Douglas warned.

However, the remaining three principles do provide for real and more specific cuts, aimed at "quangos," grants, subsidies and redundant agencies.

They are:

- Quangos will be reduced or abolished where their functions are no longer sufficiently relevant. Some have already been picked for abolition.

- The Government will critically review a wide range of grants and subsidies to ensure they are achieving worthwhile objectives.

"Where appropriate, when a departmental administered many small grants and subsidies, a declining ceiling would be placed on total funds to ensure an effective ongoing review of priorities," Mr Douglas said.

"For example, a general review has already been made of Trade and Industry Department grants. A number are now being phased out," he said.

- Where the functions of any department are removed or reduced, the funding of that department will be reduced accordingly.

This last principle, like the previous one, appears to be aimed particularly at the Trade and Industry Department, which in recent years has lost its price control role and is rapidly losing import licensing, which is being phased out.

Despite these moves, the department's staff have dwindled only from 634 to 587 during the last five

years, and its head, Mr Harry Clark, said this month that any further drastic cut was unlikely as it sought to revamp itself as a "business department."

Electronics

Officials confirmed that the cabinet committee reviewing expenditure, consisting of Mr Douglas and an associate, Mr Prebble; the Deputy Prime Minister, Mr Palmer; and the Minister of State Services, Mr Rodger, had made proposals for reducing the \$51 million in annual grants and subsidies administered by the Trade and Industry Department.

Several programmes offering grants to companies to develop electronic products for the Government, aimed at fostering New Zealand's nascent electronics industry, are now expected to be allowed to die, or at least diminish, when their present three-year funding ends.

The applied technology programme associated with the Development Finance Corporation is also being reviewed.

Mr Douglas cited examples of how charging for departmental services had already saved money by forcing departments to find cheaper ways of providing their services.

For instance, he said, a client who asked the Lands and Survey Department for a \$20,000 map found that a \$2000 map would do when the price was revealed.

More dramatically, he said the Forest Service could be turned around from a net cost to the Government of \$150 million a year at present to producing a profit to the Treasury of between \$300 and \$500 million within five to six years.

He said the reduction of the Government deficit which such savings would make possible would produce flow-on savings in interest and repayments on the national debt amounting to \$1 billion a year by 1989-90.

Present interest and repayments on the debt come to \$3.3 billion a year.

Editorial Views 'Snags'

Auckland THE NEW ZEALAND HERALD in English 29 Mar 86 p 6

[Editorial: "New Rules for State Agencies"]

[Text]

In theory there could be much to commend the Government's moves, expressed in 12 "principles," to impose efficiency on state agencies. In practice the plan will need to be studied carefully for hidden snags.

Public trading enterprises will be required to fund additional spending from commercial loans rather than subsidised state loans. That, says Mr Douglas, will stop them from wasting taxpayers' funds on unprofitable investments. Well, yes. But will it stop them from wasting commercially borrowed funds? And who finally underwrites state agencies?

State enterprises will be required to pay tax and dividends to the Government, as the Post Office, for example, is already doing. But here the argument gets into the deeper waters of whether an almost universally used essential service monopolised by the state should go beyond ordinary profitability and be used as a virtual taxing machine.

With the Post Office, the state sets take-it-or-leave-it prices, creams off hundreds of millions for state coffers, and then sends the department to the market for a chunk of its investment requirements. That chunk will presumably become larger if the Post Office is to be shut off from state sources while it remains a heavy contributor to

state revenue. It seems distinctly a formula for increased costs.

Where would the Housing Corporation stand? And what would happen to traders customarily in loss, such as the railways? Some people may wonder whether the proposed moves are not partly an exercise in illusion to get figures off the state accounts while the state, nevertheless, remains the ultimate supporter of its agencies. Can a state enterprise be truly the same as a private one?

Proposals to take aim at quangos, grants, subsidies and redundant agencies are welcome, provided the targets are well chosen. But why does it take a special principle to do what should be done anyway? And the thought persists that this Government has expanded departments and staff in ways that many people would judge inappropriate.

As for Mr Douglas' latest stab at the budget deficit, which he now concedes will be above \$2 billion instead of the \$1.3 billion he hailed last June as "a major achievement," his announcement has already raised interest rates. With the Government dipping into the market almost immediately and unexpectedly for \$350 million extra, the prospect for cheaper money looks to have moved somewhere further into the future. And the financial year starting on Tuesday, from the standpoint of state revenues, looks uncommonly murky.

Lange Defends Government Economic Policies

Auckland THE NEW ZEALAND HERALD in English 29 Mar 86 p 4

[Text]

The Prime Minister, Mr Lange, yesterday defended the Government's economic policies and ruled out across-the-board expenditure cuts to rein in the ballooning budget deficit.

Mr Lange acknowledged that there could be upward pressure on interest rates, but emphasised that attention should be focused on the Government's success in reducing the deficit as a percentage of the gross domestic product (GDP).

The Minister of Finance, Mr Douglas, said on Thursday that the lower-than-expected tax take would force the deficit over spending to more than \$2 billion, the third revision since the budget-night figure of \$1.3 billion.

Mr Lange denied that the figure represented a massive increase.

"It is a huge reduction on the budget deficit we inherited.

"You cannot talk about 9.8 per cent of GDP and 4 to 4½ per cent in the same breath.

"It is an increase in what we projected. That is true, it is accepted and we have taken the steps to ensure it will not end up like that again."

The Prime Minister ruled out across-the-board expenditure cuts, although he added that the work of the expenditure review board was going "slashingly."

"Arbitrary across-the-board cuts are wrong, they are unjust.

"There are some functions of government which should be cut by 100 per cent, there are others which should have money increased.

"Now we are aware of the March 7 tax take, we are taking all those steps which will cut that expenditure back... but we are not going to work to an arbitrary formula..."

"I still think what we have done, in the face of all the changes that have taken place, is quite remarkable.

"It is a matter of regret that achievement will be in some cases overshadowed by the attention that will be given to the original estimates."

Asked about the likely effects on financial markets of the larger deficit projections, Mr Lange said he was reluctant to speculate — "I would not want to push them up."

But he said it was not too difficult to figure out that if the Government "is in the market, it creates more pressure and is likely to have impacts on foreign exchange relativity and on interest rates.

"On the other hand there is an underlying conviction in the business community that matters are in hand, that there is a downward tracking in inflation, and that the investor expectation of interest return will accordingly reduce.

"It is wrong to assume there is inevitably an upward pressure — there are also compensating factors which must be taken into account."

/12851

CSO: 4200/928

DEFICIT, GDP RATIO 'BEST IN YEARS'

Auckland THE NEW ZEALAND HERALD in English 29 Mar 86 p 4

[Text]

The Minister of Finance, Mr Douglas, has almost certainly succeeded in achieving the lowest Government deficit for eight years as a percentage of national output.

Even at the latest revised figure of at least \$2050 million, the deficit is only 4.5 per cent of the gross domestic product (GDP).

If it ends up at \$2200 million, as one expert forecast on Thursday, it will still be only 4.8 per cent of the GDP.

This would be the lowest deficit since it was last held to 4.5 per cent in 1977-78.

Mr Douglas is also entitled to boast that Government spending has been held "very much on track."

The latest available figures — for the 11 months up to the end of February, published on Monday — show that expenditure was then running very much in line with Mr Douglas' revised expenditure forecasts issued in the middle of last month.

Expenditure

These show that total Government expenditure will have increased by 15.8 per cent to \$17,736 million in the financial year ending on Monday.

This means that in real terms Government spending stayed still, with aver-

age inflation during the financial year of 15.7 per cent.

As the private sector continued to grow slightly, state spending actually fell slightly as a percentage of GDP, from 38.7 per cent in 1984-85 to 38.5 per cent this year.

Increased spending in areas such as Inland Revenue and Social Welfare, and in interest payments, were offset by savings from the phase-out of export incentives and subsidies to farmers.

If spending does turn out to be \$17,736 million it will be only 2 per cent higher than the budget estimate of \$17,382 million, despite an inflation rate which was considerably higher than Mr Douglas expected when he framed his budget.

This is a lesser overrun than Sir Robert Muldoon let happen in 1981-82 (when spending was 2.6 per cent higher than budget), 1978-79 (when it was 3.7 per cent higher) or 1977-78 (when it was 6 per cent higher).

It is also positively virtuous next to an overrun of 14.6 per cent in the last year of the last Labour Government in 1975-76.

However, all these past overruns have occurred in periods either of accelerating inflation or of deepening recession, when expenditure on unemployment and other benefits inevitably increased.

Shortfall

This year inflation, though high, has been falling and the long-forecast recession has yet to show up in a sustained increase in unemployment.

In all, increased spending of \$354 million accounts for less than half the projected blowout in the deficit of at least \$764 million since budget night.

In contrast, the shortfall in revenue is worse than in any other year at least back to 1973-74.

In six of the 12 years since then tax revenue actually turned out to be higher than forecast in the budgets of each year.

In the other six years the tax shortfall ranged from 0.38 per cent of the budget forecast in 1975-76 up to 2.97 per cent in 1978-79.

This year, if the shortfall is \$350 million, in addition to earlier acknowledged shortfalls in fringe benefit tax and custom duty revenue, it amounts to 3.3 per cent of the budget forecast.

If the extra shortfall is as high as \$500 million, as the private forecast on Thursday suggested, then it amounts to 4.3 per cent of the budget figure.

Anecdotal evidence suggests that the sudden swing from a good year in 1984-85 into an extremely tough

year this year has induced a wave of tax avoidance on a colossal scale, ranging from unaccounted payments in cash and kind to individuals up to sophisticated creative accounting by the corporate giants.

Mr Douglas said that, in fact, company tax collections were only "slightly lower" than forecast, while there was a bigger shortfall in revenue from individual taxpayers.

Asked whether the Government would now crack down on tax evasion and avoidance, Mr Douglas replied with a broad grin: "That is a fair question."

Tax Flows

He also confirmed that he was pursuing ways of spreading tax flows more evenly through the year to make them easier to forecast — and hoped to announce changes on this point in the next four to six weeks.

"It is not appropriate that we do not know until two or three days before the end of the financial year what maybe our forecasts were out," he said.

"So I am looking at the whole question of the way we collect provisional tax to try to get us a system that will give us an indication well prior to the end of the financial year of whether our forecasts are accurate."

Government's Share of Output (% of GDP)

	Expenditure	Revenue	Deficit
1973-74	29.1	26.5	2.6
1974-75	34.2	30.4	3.8
1975-76	35.1	29.5	5.6
1976-77	32.5	28.9	3.6
1977-78	36.8	32.2	4.6
1978-79	39.1	39.9	0.8
1979-80	38.9	31.1	7.8
1980-81	37.3	31.1	6.2
1981-82	38.2	32.0	6.2
1982-83	39.3	33.8	5.5
1983-84	41.5	32.8	8.7
1984-85	38.7	31.6	7.0
1985-86 (1)	38.7	34.0	4.7
(2)	38.5	33.7	4.8

(1) Assuming tax shortfall of \$350 million.

(2) Assuming tax shortfall of \$500 million.

EDITORIAL HITS FINANCE MINISTER ON DEFICIT

Auckland THE NEW ZEALAND HERALD in English 31 Mar 86 p 6

[Editorial: "A Deficit of Credibility"]

[Text]

The Minister of Finance frequently admires the realism of the modern electorate. The Government's popularity is due in large part, he asserts, to a refusal to pretend in public that the economy is better than it is. Why, then, has he erred so grossly on the optimistic side in forecasts of the all-important budget deficit?

A great deal rides on Mr Douglas' personal credibility: not just the Labour Government's re-election prospects but, more important, the sustained business and public confidence so vital to the recipe for economic recovery.

So far Mr Douglas has inspired that confidence to a remarkable degree, demonstrating that the political risks inherent in the long road to economic adjustment can be turned into political virtues. His method has been calm acknowledgment of the hardships. Until now.

The tax shortfall looks likely to produce a deficit so far above the budget that the day of interest rate salvation is postponed once more. But that may be less important than Mr Douglas' misleading forecast a month ago. The market believed him then. It may not next time.

/12851

CSO: 4200/928

DAILY VIEWS SIGNIFICANCE OF EC ENVOY'S VISIT

Auckland THE NEW ZEALAND HERALD in English 31 Mar 86 p 5

[Article by Jim Irvine]

[Text]

The Government is rolling out the red carpet for the arrival today of the European Community Commissioner for External Relations, Mr Willy de Clercq.

However, it also plans to sink him to the top of his boots in the problems of New Zealand agriculture.

Mr de Clercq, his wife and a party of 11 top European Commission officials will be given an official welcome by the Minister of Overseas Trade, Mr Moore, when they arrive in Auckland early this afternoon to begin a week-long visit.

The visit has been hailed by Mr Moore as another part of the Government's strategy to maintain New Zealand's vital presence in Europe.

It is seen by European Commission officials as the first of what will become annual ministerial visits for consultations between the policy makers of Europe and those in Wellington.

Mr de Clercq's visit is given added significance in terms of New Zealand trade because his party has cancelled an Australian programme which was to have followed.

The European Community and the commission in particular are understood to be angry about constant

Australian criticism of European agricultural policy.

Australian Government representatives have, EC officials say, blamed Community policy for all the problems of Australian agricultural trade.

The strength of the rhetoric, the officials say privately, persuaded Mr de Clercq's advisers to call off the planned Australian visit.

Constructive

New Zealand on the other hand, they say, has always made its criticisms of the European common agricultural policy diplomatically and constructively.

Mr de Clercq and his party will, however, be exposed to some hard talking on New Zealand agricultural problems while he is in the country.

Mr Moore said at the weekend that, while VIPs from Europe had traditionally been shown our finest farms, the Government would give Mr de Clercq a balanced view.

It would not only expose him to the country's agricultural and manufacturing diversity, but also to the "dramatic tale" some New Zealand farmers now had to tell.

"We want to destroy the impression some Europeans have of all our

farmers being aristocrats living in luxury and employing peasants," Mr Moore said.

"We will be explaining to Mr de Clercq the other dramatic side of that coin. New Zealand farmers are restructuring and it is painful."

The former Belgian Minister of Finance and Deputy Prime Minister has been chairman of the interim committee of the International Monetary Fund since 1983, after an earlier spell in 1976 and 1977.

One of the main issues the Government will raise with Mr de Clercq is continued access to the EC market and the negotiations later this year for continued butter access.

"Although our butter access has been halved in the past decade, the truth is that the EC is still crucial to New Zealand."

"It is a huge trade and political force with a market of 320 million people, taking 19 per cent of our exports and providing us with 20 per cent of our imports," Mr Moore said.

Europe will be deciding before August the quantities of butter New Zealand will be allowed as an import quota for 1987 and 1988.

The last agreement, settled in 1984, fixed a "degressivity" in the trade, reducing New Zealand quantities by 2000 tonnes each year to the level of 78,000 tonnes this year.

New Zealand officials have said that the best they can hope for, bearing in mind the million-tonne European butter mountain, is a continued degressivity at the same rate.

Success

But they also point to the success of joint New Zealand and European efforts to avoid the collapse of the world dairy produce market under the weight of surpluses.

The success of such management fosters a hope in New Zealand trade circles that the European Community may level off the

degressivity at a plateau, giving New Zealand a fixed annual butter quota.

Besides butter and sheepmeat, in which New Zealand's trade is coming under increasing pressure from France, Mr de Clercq will be taking an interest in the diversification of New Zealand trade, and opportunities that presents in Europe.

According to EC officials, he will be looking at scope for broadening trade between Europe and New Zealand.

New Zealand is likely to get a good hearing on increasing trade with the EC countries.

While the balance of trade, including invisibles, most of which payments are made to European shipping companies and insurance houses, has been in New Zealand's favour for some years, it had swung against New Zealand by almost \$100 million in the year to last June.

Mr de Clercq will also be looking at the openings for technology transfer between Europe and New Zealand and possible joint ventures in high technology.

Visits tomorrow to the carpet division of UEB and later the East Tamaki plant of Fisher and Paykel will have a technology focus, as will visits later to Rukura and the Tasman pulp and paper mills.

Investment

In his talks with the Prime Minister and other members of the cabinet on Friday, the European commissioner is expected to discuss opportunities for greater investment in New Zealand by European institutions.

Community countries' business investments in New Zealand in the last year for which figures are available, - 1982/83, amounted to 44 per cent of all overseas investments in this country.

The talks in Wellington, will also cover trade and

aid policies in the South Pacific, where the EC recognises New Zealand and Australian leadership.

Europe, through the Lome convention (embracing 65 African, Caribbean and Pacific countries in trade and aid agreements), has taken a greater role in the Pacific in the past few years with bilateral or regional co-operation agreements.

Mr de Clercq is believed to be keen to discuss possible joint ventures with

New Zealand.

As a sign of the importance the Government attaches to Mr de Clercq's visit, he will be invited to sit in at a cabinet policy committee meeting chaired by Mr Lange on Friday.

Mr de Clercq's programme also includes visits to a deer farm, a kiwifruit orchard, a cattle station, Tasman Glacier, the Hermitage, and Queenstown.

He will leave next Monday for London.

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CSO: 4200/928

REPORTAGE ON MEAT WORKERS STRIKE, IMPACT

Iran Note Hardens Stand

Christchurch THE PRESS in English 3 Apr 86 p 1

[Article by Patricia Herbert]

[Text]

Warnings that the freezing industry dispute may jeopardise New Zealand's lucrative trade with Iran put the unions back on the offensive yesterday.

Through the Federation of Labour, they handed the meat companies an uncompromising set of claims to which they want a response by tomorrow.

The F.O.L.'s president, Mr Jim Knox, attributed the fighting spirit to trade union solidarity and to the employers' refusal to meet the statutory Easter holiday payments.

He said that had been a big mistake and had hardened the resolve of the workers.

The evidence suggests, however, that the change was affected by a telex message from Iran. It was apparently sent last week to the Meat Board and has since been referred to the Minister of Overseas Trade, Mr Moore.

Mr Moore's office yesterday confirmed the existence of the telex but declined to release it or to give details of it.

It is believed to give warning that unless deliveries are resumed soon New Zealand will lose its position as the prime exporter of sheepmeat to Iran.

The implications for the industry and for the national economy are serious because Iran takes

one-third of New Zealand's total meat exports, and as a market, is worth between \$300 million and \$350 million a year.

Mr Moore yesterday met the strike action committee at F.O.L. headquarters and apparently urged upon it the seriousness of the threat.

He declined to comment on what had been discussed but Mr Knox confirmed later that they had talked about Iran.

He said the Minister had seemed concerned about the Iran trade and that he had told them that unless they "were able to get something done about getting an agreement to get back to work, there might be a problem."

He also said, however, that Mr Moore's submission had not changed their attitude.

Exports to Iran are sent by conventional ship, not by container, and are drip-fed through the year because of the Iranian requirement that stock be killed within 90 days of being shipped.

The works stoppage, now in its sixth week, has meant that no shipments have been sent for more than a month and that some consignments have not been met.

The difficulty now is that the industry is falling so far behind in its supply schedule that it may not

be able to fill the order.

The Meat Industry Association signalled last week that the strike would begin to create a surplus if it dragged on much longer, not only to Iran but to other markets.

It alerted the Government to this last Thursday at the informal conference chaired by the Minister of Labour, Mr Rodger.

The pressure this is putting on the companies has brought them back to the table.

Yesterday representatives of the association, including its executive director, Mr Peter Blomfield, and its industrial advocate, Ms Anne Knowles, asked to meet the unions to discuss the issue.

The meeting took place after Mr Moore had left and lasted about three hours.

Mr Blomfield had little to say afterwards except that they had discussed "various options to end the dispute" and that the F.O.L. had put up a proposition which the

association would consider.

The F.O.L. proposal offers no fresh concessions and gives no ground. It asks that:

- The industry agree to an immediate interim wage rise of \$35 a week for each worker on the resumption of work. This translates into a 15.5 per cent increase or "the going rate." It has also been the meat workers' declared bottom line since they reduced their pay claims last month.

- That workers be paid for the Easter holidays.

- That work resume as soon as possible.

- That there be a resumption of conciliation/bargaining as soon as possible.

- That negotiations be based on the unions' claims for 15.5 per cent on appropriate award rates, other claims, and the employers' counter-claims.

- That the association support the F.O.L. request for an industry summit convened by the Government.

Delay Puts Trade in Red

Wellington THE EVENING POST in English 31 Mar 86 p 21

[Article by Michael Hannah, editor of economics and business: "Meat Export Hold-off Puts NZ Trade in Red"]

[Text] New Zealand's trade balance slumped \$23.4 million into the red in February, mainly due to a 35 percent drop in meat exports.

Most of the fall-off in meat exports would have predated the current meat-workers' strike and could be attributed to the tendency of farmers this season to hold back more stock from the works.

Exports of sheep or lamb's wool were also down 21 percent on the same month last year, while casein and casinate exports dropped slightly by 1 percent.

An encouraging aspect of the latest trade figures is that nontraditional exports have shown strong growth.

Fish exports were up 12 percent to \$51.6 million, and fresh chilled vegetables increased 45 percent to \$21.9 million.

However, the bulk of exports were traditional products, all showing significant falls, except raw hides and skins.

Trade figures for February last year showed a large surplus of \$182.4 million. In February 1984, the trade balance was \$47 million in deficit, highlighting the excellent season many farmers experienced last year.

Trade figures for the eight months of the current trade year (July 1985 to February 1986) show exports down 1.4 percent to \$6878.3 million and imports down 4.3 percent to \$7877 million.

The eight-month trade balance was a deficit of \$998.7 million, compared with a deficit of \$1251.5 million in the same eight months of 1984-85.

Exports for February this year were valued at \$906.8 million, down 17.7 percent on February 1985, the Government Statistician said.

Significant value commodities exported in February, with February 1985 figures in brackets, were: meat, \$148 million (\$225.8 million); sheep or lamb's wool, \$145.7 million (\$185.1 million); fish, crustaceans and molluscs \$51.6 million (\$46.2 million); raw hides and skins \$33.6 million (\$30.9 million); casein and caseinates \$25.1 million (\$25.4 million); fresh chilled vegetables \$21.9 million (\$15.1 million).

Leading export destinations were: Australia \$1213.2 million (17.6 percent of total exports); Japan \$1004.8 million (14.6 percent); United States \$998.9 million (14.5 percent); United Kingdom \$645 million (9.4 percent); Iran \$202.2 million (2.9 percent); and USSR \$182.9 million (2.7 percent).

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CSO: 4200/928

INTERVIEW WITH NDF'S EUROPEAN REPRESENTATIVE

Quezon City ANG PAHAYAGANG MALAYA (Sunday Supplement) in Tagalog and English
2 Feb 86 pp 12, 13

[Interview with Louie Jalandoni, NDF Representative, in Paris, by Sol Juvida;
date not specified]

[Text] It's ten o'clock in the morning. The doorbell of an apartment in an old building kept on ringing. About 11 newspapermen arrived one after another for a press conference that morning. The entire apartment was almost fully occupied by the incoming newspapermen and nine other people.

In one part of the living room, which is elevated, just like a stage, 30 chairs, 1 table and 2 microphones were already all set up. However, what was more conspicuous were the huge and colorful pictures and posters hanging on the walls of the receiving room and the living room. These were pictures of the rallies of teachers and nuns, of an old woman cooking in the kitchen, of armed men and women marching. There were also posters with words in big letters saying, "Filipino People Against Fascism and Imperialism," "Build A Democratic Coalition Government."

The words "Conference of the Press of the National Democratic Front (NDF) of the Philippines" were written on the press kits that were distributed. These kits contained programs of the NDF, news reports on the situations in the Philippines, copies of public speeches and bio-data of the international representatives of the NDF in Europe. A beautiful Filipino girl, with long, black hair, wearing also long, black boots that reach up to the knees, was distributing the press kits. According to her calling card, the girl is the Information Officer of the NDF.

Just like the Filipino journalists, many of the white journalists wore denim or corduroy slacks. The only difference was the thick sweaters or overcoats and the boots that the white journalists wore. This was in the month of December, a cold season. The press conference of the NDF was not held in a tiny place in Mindanao or in the Mountain Province, but rather in one of the most beautiful cities in the whole world, in Paris, the capital of France.

Unlike the representatives of the NDF in the Philippines who covered their faces in a conference in Mindanao the year before, the NDF International Representative, Luis "Louie" Jalandoni, except for his thick-lens glasses, did not cover his face.

According to his bio-data, the fifty-year old Jalandoni was born in Bacolod, Negros Occidental, was a cum laude college graduate. He became a priest in 1962, studied for four years in Rome, Italy and in Munich, West Germany and became Director of the Social Action of the Diocese of Bacolod from 1969 to 1972. He helped in organizing the sugar plantation laborers, joined the secret action movement when Martial Law was declared and was captured in 1973 and jailed for almost a year. He received a dispensation for being a priest in October 1977. He was appointed representative of the NDF to Europe, and as a representative of the NDF, attended the First National Congress of the Panhellenic Socialist Movement (PASOK) in Athens in 1984, the International Conference on Nicaragua in Lisbon, the Lelio Basso Foundation's International Workshop on Liberation Movements in Rome in 1983, and the International Conference on Self-Determination and Liberation Movements in Caracas in 1985.

Of average height and medium weight, the moderately-slow-moving representative of the NDF in Europe can still be mistaken as a priest or a university professor. He breaks into loud laughter everytime it is mentioned that he is after all a CPA (NPA).

After the first NDF press conference in Paris, Jalandoni granted an exclusive two-hour interview. Here are the questions and the answers from the press conference and the exclusive interview.

(Below are some of the questions and answers posed at the press conference:)

Question: What does the NDF think about the candidacy of Cory Aquino?

Jalandoni: The NDF regards Corazon Aquino, as a person, with sympathy. The NDF sees the effort and role she plays in developing a broad anti-dictatorial front. However, the NDF in deciding whether to support Cory will have to wait and see what programs she will present and what principles she will follow.

Question: During the electoral period, what is the NDF strategy?

Jalandoni: We will go into a broad educational campaign on the meaning and consequences of the elections. We want to show that unless the minimum demands are granted by Marcos, there is no chance for the opposition to win the elections. We also want to show that elections take the people's attention away from basic economic problems. Mass protest actions and the increased anti-Marcos position have put Marcos in a weak political position. Once the demands are not fulfilled, the NDF will have to show the people that it is a useless exercise that will just give legitimacy to a regime that insults and disregards every democratic process as would be accepted in any genuine republican democracy throughout the world. Therefore, the NDF calls for a boycott of the election.

Question: How important is the material support that you are getting from other countries considering that you want to win by using armed struggle?

Jalandoni: Tony Zumel, the NDF chairman, stated on 21 Nov that with the increase of U.S., Japanese and other aids to Marcos regime, it was time for the NDF to renew its call for overseas aid. He addressed this call to progressive and revolutionary organizations and movements to provide political, moral and material support to the liberation struggle in the Philippines in the face of such strong and huge foreign support for the Marcos dictatorship.

Question: Is France selling any arms to Marcos?

Jalandoni: There have been some reports but we still have to verify them. There have been reports that teargas canisters used in the Philippines are made in France. Any arms sale from here (France) would however be considered very small. An estimated 92 percent of all military equipment in the Philippines comes from the United States.

Question: Do you have ties with Vietnam and the People's Republic of China?

Jalandoni: The NDF has no official or formal relations with China or with Vietnam.

Question: What is the NDF's stand on the Mindanao question?

Jalandoni: In the NDF program, it is stated that the NDF supports the struggle for self-determination of the Moro people, including the right to secession. Actually, in Mindanao the NDF and the NPA have forged various forms of tactical cooperation with the Moro organizations. Internationally, we formed a joint tribunal against the Marcos dictatorship in Antwerp, Belgium in 1980. So, there remains a continuing effort on both sides to develop friendly relations of cooperation.

(Below are questions from the interview:)

Question: When was the NDF founded in other countries?

Jalandoni: Let's see, the NDF here abroad was founded in 1981; then afterwards, it was recognized as a legitimate association of the Filipinos at the Permanent People's Tribunal Session on the Philippines held in Antwerp, Belgium in 1980.

Question: What are the programs of the NDF in other countries?

Jalandoni: NDF international work is mainly people-to-people solidarity, say solidarity between the people of the Philippines and the people of Western Europe or Africa to support us in our struggle against the dictatorship and against U.S. domination. There are 14 nations with active support groups that give moral, political, and limited material aid to the Philippine struggle.

Question: In the Philippines, the NDF is regarded as an illegal organization, is it regarded likewise in other countries?

Jalandoni: The NDF has a more open character here abroad, people can openly ask for information about the NDF, or ask any of our officers or representatives to speak about NDF programs, or, developments like the snap election. Compared (to the situations) in the Philippines, there is lesser risk for us here. However, we also take precautions, because as you can see, for instance, office documents can be burglarized politically, just like what happened to the other liberation movements here (abroad). NDF is seen as a liberation movement and liberation movements are well received abroad. Here in Western Europe, there is a tradition of supporting liberation movements and third world struggle. Even in the U.S., Filipino organizations have become stronger and the American support groups for the Philippine struggle have likewise become stronger.

Question: What has been the most significant work of the NDF in other countries?

Jalandoni: The NDF's recognition of the political parties and giving them (the political parties) open political support. Even in international conferences, the NDF has been invited to attend in the name of the Philippine liberation movement. Thus, the liberation movement in the Philippines is gaining more and more prestige; it is considered as one of the most important liberation movements in the world now. They (the people abroad) have seen that Filipinos are courageous, self-reliant, and creative. They have seen that the mass actions are massive, and that despite the fact that these actions have been suppressed, yet, they never stop; they become stronger and bigger instead. They (the people abroad) are also amazed at the NPA which started with only 35 old rifles and now, through self-reliance and perseverance in the struggle, have 59 guerrilla fronts throughout the country.

Question: If Cory Aquino wins the presidency, what are the possible effects of this on the work of the NDF in other countries?

Jalandoni: It can be said, that under this condition, the NDF thinks that Cory has a very little chance of winning. But, if she wins, the possible initial effect on some parts of the population is that their basic problems can now be solved. There might also be some political forces and organizations here in Europe that would wonder why we would still continue fighting, since the president then would no longer be a dictator. Thus, it is still imperative to make it clear that our problems are not just those in connection with Marcos only, but that it goes deeper--and that its roots are the U.S. and other foreign domination over the Philippine economy, politics and culture. Therefore, in clarifying all this, even though this makes it harder for us, the needs of the Filipino masses to campaign against evil will be legitimized.

Question: If Cory or any head of state who replaces Marcos offers you political amnesty, would you accept it?

Jalandoni: It is probably difficult to accept political amnesty if U.S. imperialism still has control. It is still risky because the United States can still see that the NDF and all its organizations are going after radical changes in the system which would go against their interest. It's also possible, that the temporary change might allow us to be able to visit the Philippines for a short while. In a sense, it is a sacrifice for us now not to be able to go home and we're willing to suffer. We're confident that in the future, the liberation campaign against evil will be successful and that for sure we could go back to the Philippines.

Question: Does the NDF have connections with the other Filipino organizations in other countries?

Jalandoni: None. But, we support their campaigns against double taxation and the campaign to repeal the Executive Order 857.

Question: How about your family in Bacolod.....?

Jalandoni: My father was a big "haciendero" (a sugar plantation landlord) in Negros. He was also a doctor of medicine, but he didn't practice it because he was earning a lot from the sugar plantations. There are five of us in the family, four boys and one girl. I'm the only one who entered the priesthood.

Question: What can you remember of your life in the sugar plantations before?

Jalandoni: I seldom stayed in the sugar plantations. We (my brothers and sister) just went for a visit on holidays. We were studying in Manila. I practically didn't know life in the sugar plantations, until later. When I became a priest, that was the time I became close to the workers as a Social Action Director. Whenever the sugar plantation workers had problems, they would come to the center, thus, we started organizing them. I saw their actual situations, their extremely low earnings that were incredibly inhuman. I also saw the huge profits of the wealthy sugar plantation landlords, since I came from a family of sugar plantation landlords. By that time, 1970-1971, there were so many strikes in Negros, such that at times I slept in the picket line. In the strike in Bais, we were shot at the picket line; we had to jump into the canals. I asked myself, "What kind of a system is this where, the workers ask for the minimum wage of P4.75, then they are shot because of it?" The daily wage then of a sugar plantation worker was either P2.75 or P3.20. That was when my politicization began.

Question: Were there at that time many priests who became activists? Were you the first generation of priest-activists?

Jalandoni: Father Ed. de la Torre and others were still seminarians then, but they by then already helped in organizing the workers. Caloy Tayag disappeared on August 16, 1976. In Davao at that time, the Maryknoll fathers were getting implicated with the problems of the workers, while we (the priests) in Negros increased in numbers. At the strike in Victoria, at that time even though the bishop issued a statement of disapproval of saying the mass in the picket line, still, there were 16 of us, priests, who said the mass there as a symbol of support for the workers. Most of these priests became NPA's.

Question: And you then joined the underground movement. Why?

Jalandoni: On Sunday morning, May 2, 1971, I read in the newspapers that there was shooting in congress, and that Liza Balandó was killed. During my sermon in church I then asked, "Why are they killing the young people? Surely, if they're willing to die for what they believe in, they must be worth listening to." Shortly thereafter, I went to Manila. I attended a rally in Plaza Miranda. One week before, grenades were thrown at people there (in Plaza Miranda); thus, the rally was very tense. I told myself. "These people are so brave that they still talk against the corruption of the system." I said, "Here outside the church there is the commitment to offer body and soul for the people, but there's no liturgy." Later, I became somewhat scared because the rally became tense; thus I went inside a church, where the mass was being celebrated. Inside the church, there is liturgy, but there is no commitment to offer body and soul for the people. So, as a symbol, I went back outside, to the rally. When I was already an underground member, I saw how much work was there to be done for the movement and I also saw many young activists who were wholly dedicated: every-day, they're willing to work, (to) risk their lives.

Question: Has there been any discussion then of the theology of liberation?

Jalandoni: Very little. Father de la Torre and others started it at that time. The Latin American influence started filtering in at that time. However, I think the involvement then of priests like me in the mass struggle was mainly motivated by their experience in being with the workers, joining them in the picket line.

Question: How were you convinced that your involvement with the underground movement was the right thing to do?

Jalandoni: The Vatican II progressive theology and especially the theology of liberation from Latin America have helped me. But, what has really helped me (decide) was my close acquaintance with the workers' struggle. They've certainly met with harassment. I also saw their qualities; they were very warmhearted with their fellow workers; (they were) very deeply human, and their aspirations were very deep and just. I remember the first big strike in La Tondena, Manila, after the declaration of Martial Law; there were 13 of us who held meetings from afternoons to evenings. We ate only hot buns with margarine and only in the evenings. At the last evening meeting, before the strike the following day, we discussed the possibility that the military might intervene and arrest the strikers. Most of the workers at that time were women, but they were so very brave. But, then everyone became quiet and pensive, as if realizing the danger before them; we thought they would change their mind, that the strike wouldn't go on. But then, a woman spoke; she said, "We must go on with the campaign against evil, otherwise, our children would have no future." The following day, the strike was on, and this was the beginning of all the other strikes in the Manila area.

Question: When did you leave for another country?

Jalandoni: It was December 1971, shortly before Christmas. Connie (my wife), my six-month old baby and I had to leave secretly because we were wanted. There were many friends who took a risk by helping us.

Question: What were your experiences in other countries when you just newly arrived?

Jalandoni: The hardest part was adjusting to the political work, because in the Philippines, I was used to continuously doing it. In 1976-1977, initially, the (political) work here was slow; it was painstaking to explain and to clarify the Philippine struggle. When we first came here, that was December, we were just next to the heater all the time, with our feet on the heater. Every time I would go to the toilet or make a phone call, I had to put on my sweater and my overcoat. Up to now I still feel cold.

One of the most difficult times here is when you hear of (the) deaths of comrades whom you knew. When I heard of the death of Edjop (Edgar Jopson) in 1974, I felt weak. I remembered when we were having seminars together, how we stayed up late thinking of ways and means of helping the striking workers. However, one positive experience here is the contact with other liberation movements; then one fully realizes that there are people struggling for freedom in different parts of the world.

Question: Where did you meet Connie Ledesma? Where did you get married?

Jalandoni: Connie and I met in the underground (movement) in 1973 before I was captured. When I was released, we got married. Cardinal Sin officiated. (This was how it happened.) When Father de la Torre was arrested, we went to Cardinal Sin to ask for help. He then asked us if we were already married. He offered to be the one to marry us. The wedding ceremony was just simple, so were our outfits. Only about a dozen (people) attended our wedding. The nun who played the piano said to me after the mass, "Poor Louie, (your) shoes have holes (in them)." She saw the holes in my shoes when I was kneeling down.

Question: Pendong is now 9 years old, don't you find it hard to raise him up in another country with a different culture?

Jalandoni: Somehow, it seems difficult to us. That's why, as often as possible, we tell him stories about the struggle in the Philippines. "Pendong" is named after one of the NPA guerrillas who was killed. We have told him that although we've been here for a long time, our hearts are still truly Filipino. And that whenever there is a chance, we will go back to the Philippines. Thus, we also show him slides about the Philippines. On his part, he's very much interested (in our country); he wants to see the countryside, the carabao (water buffalo).

Question: If you could go back to the Philippines, what would you do first, or, what would you eat first?

Jalandoni: I would like to eat jello seaweeds with vinegar in it. (it's) like a salad. There's none here. When I was little, I used to eat a lot of it. Also, (I would like to) eat crabs and "Malabar night shade" (Philippine spinach) vegetables with chopped meat (in it), a dish just like what my grandma used to cook for me; it's called "bas-oy". And I would also like to go back to the mountains (rural areas) in Negros, to be with my settler-friends.

8335/5915

CSO: 4211/43

SHIPYARD SEEKS BUSINESS WITH USSR, PRC, INDIA

BK110603 Hong Kong AFP in English 0558 GMT 11 Apr 86

[Text] Singapore, 11 Apr (AFP)—Singapore's Keppel Shipyard is to look for business in China, India and the Soviet Union to offset a current slump in orders, a company spokesman said Friday.

The shipyard is of the view that there is plenty of potential in the three countries and hopes to work in partnership with its counterparts in the respective countries.

It is understood that Keppel has received proposals from interested parties in India for joint-venture projects as there is sufficient potential for shipbuilding and repair services in Bombay, Madras and Calcutta. It also hopes to lease drilling equipment to the Oil and Natural Gas Commission of India.

In China, a number of Singapore companies have already begun work and have clinched deals in connection with oil exploration. To strengthen its operations in China, Keppel is considering setting up an office in one of the main cities.

A Chinese crude oil tanker is now at the Keppel yard here for conversion into a floating process and storage tanker at a cost of about 8.5 million U.S. dollars.

Keppel is also planning an office in Moscow to enhance its strong links with the Soviet Union. Keppel has in the past handled numerous jobs, including the construction of rigs and barges.

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CSO: 4200/925

INTERNATIONAL RELATIONS, TRADE, AND AID

REPORTAGE ON REACTION TO U.S. STRIKE ON LIBYA

Commentary Supports Libya's 'Struggle'

OW141355 Hanoi Domestic Service in Vietnamese 1100 GMT 15 Apr 86

[Commentary by Voice of Vietnam Editor Duong Quang Minh: "We Remain Alongside the Libyan People in Their Struggle Against U.S. Aggression"]

[Text] Friends: The U.S. Air Force's attack against the Libyan capital this morning and its mobilization of a large U.S. aggressive force, tens of thousands strong, with many aircraft carriers, warships, and B-52's moving near Libyan territory in support of that force, in preparation for a large-scale invasion of Libya, is an extremely blatant, extremely dangerous, and highly criminal act of war, because it is an act against an independent and sovereign country, a member of the world community, a country that has absolutely equal rights with the United States in every aspect. It is an act flouting justice and international law and disregarding the UN Charter. It is also an act in contempt of public opinion, a challenge to progressive mankind on our planet that has been struggling for a peaceful and secure world, in which all the peoples have equal rights to live in peace, friendship, understanding and cooperation.

The Arab Republic of Libya, under the leadership of President al-Qadhafi, is a country that is advancing along the path of national independence and social progress. Libya resolutely refuses to accept imperialist manipulations in every aspect. It opposes the U.S. Government's interference in the internal affairs of other countries, expansionism and racism; and vigorously supports the movement for national liberation and the defense of national independence.

U.S. imperialism, which is striving to manipulate the Mideast situation with the aim of perpetuating its [word indistinct] in this strategic region, considers Libya a big obstacle. For the past 7 years, since the establishment of the Libyan democratic regime, they have resorted to all kinds of sinister tricks to oppose it. They have waged economic blockades, sent CIA agents to sabotage the country's ranks, launched stirring propaganda, and even worked out plans to assassinate President al-Qadhafi. Now that their insidious schemes have failed to bring about the results they hoped for, they have recklessly resorted to force by launching aggressive attacks against Libya, in the same way they did against Vietnam 20 years ago and against Grenada in 1983.

In order to justify their acts, the Reagan administration has slanderously claimed that Libya poses obstacles to international sea lanes and is involved in international terrorism. And then it presumptuously stated that the United States has the responsibility to protect public order, that it has the right to make retaliatory attacks against Libya, and so forth.

Of course, the world public has sufficient evidence to expose all U.S. allegations, to prove that the U.S. Government is the biggest international terrorist. The present Libyan farce the U.S. Government has put up is no different from the Tonkin Gulf farce and the farce of the Nicaraguan Army attack against Honduran territory they rigged up.

It should be pointed out that the Reagan administration's current act of aggressive war is part of the activities the U.S. Government has been actively encouraging against peace and social progress. They have repeatedly carried out nuclear tests; they have promoted the SDI program; they have lavishly supplied money and weapons to encourage the counterrevolutionaries in Guatemala, Nicaragua, Afghanistan, and Cambodia. They have sent envoys to Western Europe, Asia, the Middle East, Northern Africa, and Central America to tighten their military alliance with U.S. allies. They have intensified the already big nuclear arsenals in Western Europe and Northeast Asia. They have also attempted to increase the stockpiles of new weapons in Southeast and Southwest Asia. More than ever, the Reagan administration is exposing its extremely dangerous arms race policy.

In face of the U.S. Government's aggressive acts, the Libyan stance, which President al-Qadhafi has clearly pointed out, is that Libya concerns itself with and contributes to turning the Mediterranean region into a zone of peace. However, if invaded, Libya will resolutely fight back against the enemy with all its might.

Progressive mankind remains alongside Libya. The Arab world has voiced its support by meeting all of Libya's needs in its fight for self-defense. The socialist countries have also affirmed that they side with Libya, that they support Libya morally and materially. The nonalignment movement's countries have also directed their thoughts to Libya, demonstrating their determination to remain united in the defense of Libya.

Along with progressive mankind, our people sternly condemn the Reagan administration's extremely brazen aggressive act against Libya, and resolutely demand that they end their criminal, highly dangerous act. Now as in the past the Vietnamese people side with Libya in its just struggle.

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CSO: 4209/449

UN Envoy Condemns U.S. 'Aggression'

OW171643 Hanoi VNA in English 1632 GMT 17 Apr 86

[Text] Hanoi, 17 Apr (VNA)—Ambassador Bui Xuan Nhat, head of the Vietnamese permanent mission to the UN, strongly condemned the United States for its new acts of aggression against Libya and reaffirmed Vietnam's full support for the Libyan people's just struggle against U.S. imperialism.

Speaking at an emergency session yesterday evening of the UN Security Council, the Vietnamese ambassador said: "The air raid by the United States on Libya is a serious act of aggression against a sovereign state. It cannot be justified, even with the efforts on the part of the United States to bend the words of Article 2, Paragraph 4, and Article 51 of the UN Charter. This adventurous act institutes a flagrant violation of the UN Charter and international law, a testimony to the fact that as a big and strong power, the United States has arrogated to itself the right to bully other smaller countries. Vietnam, Nicaragua, Grenada and now Libya are just a few examples that can be cited here. Let us show our indignation at and raise our voices in vehement condemnation of the U.S. act, otherwise it will escalate its acts of war and we will know yet the grave consequences therefrom arising.

"The air raid on Libya is only an appetizer for more brutal acts that will follow suit. We should do everything we can to prevent the bloody aggression from boiling all over. It is therefore remarkable that the U.S. act was met with drastic condemnation and protest not only from the Arab community and progressive forces throughout the world, but from the U.S. allies as well."

Ambassador Bui Xuan What urged the United States to put an immediate end to all its criminal acts against Libya and called on the UN Security Council to take appropriate measures, to save innocent Libyan people to prove worthy of its commitments to defending world peace and international security.

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CSO: 4200/927

Hanoi Cites U.S. 'Aggressive Act'

BK171034 Hanoi Domestic Service in Vietnamese 0015 GMT 17 Apr 86

["Review of U.S. Criminal Acts Against Libya and of World Opinion Condemning Them"]

[Text] In 1 month, Libya has twice become the target of U.S. aggressive attacks. In the first incident, on 2 consecutive days--24 and 25 March--U.S. fighter planes brazenly attacked Libyan Navy patrol boats performing their duties in Libyan territorial waters and rocketed the Libyan port city of Sirte, causing heavy losses of life and property to the Libyan people.

As disclosed by the U.S. press itself, this aggressive act against Libya had been meticulously calculated and preplanned long in advance by the Reagan administration. THE WASHINGTON POST, quoting United States Information Service reports, revealed that the Reagan administration considers Libya a thorn to be removed at all costs to eliminate an obstacle to U.S. expansion and aggression in the Mediterranean, which Washington has long regarded as its own lake. The United States has established military bases in one-third of the nearly 20 European, Asian, North African countries facing the Mediterranean. Yet, the Pentagon wants to expand even further. The United States was angered by the Libyan Government's decision to close the U.S. Wheelus Air Base in Libya, thus severing a link in the U.S. strategy of encircling the Mediterranean. The libyans also nationalized establishments owned by the U.S. supranational companies, especially in the oil exploitation and processing industry, from which the United States was making a profit of more than \$1 billion annually. During the following years, the CIA continually dispatched nearly 5,000 spies disguised as tourists to Libya to make contact with reactionaries to oppose and overthrow the Libyan Government. All these attempts failed, however.

Unable to sabotage Libya from within, the White House has actively tried to oppose Libya from all directions in the international arena. In January 1986, Reagan personally initiated a large-scale campaign in which the U.S. Armed Forces were used to intimidate Libya. To furnish a pretext for attacking Libya, Reagan noisily and falsely accused that country of sponsoring international terrorists and declared that the United States has a right to strike directly at this center of international terrorism in self-defense. Reagan repeatedly sent U.S. troops to conduct military exercises right in Libyan territorial waters and openly and recklessly stated that these are international waters, in which the United States has the right of movement. The U.S. President secretly ordered the U.S. 6th Fleet to do everything it could to provoke the Libyan Navy and to cause a naval clash, thus providing an excuse for the United States to invade Libya.

This time around, Reagan cooked up the story that Libya was involved in the bombing of a West Berling nightclub and that a Libyan plan for worldwide terrorist attacks had been uncovered. Reagan also ordered the CIA to devise a plan for a series of subversive activities against a number of countries around the world and to blame them on Libya, thereby furnishing a pretext for direct retaliatory strikes against that country. In addition, he sent several envoys to various West European and Arab countries to press them into backing the United States in its confrontation with Libya.

What has the United States gained in its aggression against Libya?

In the first incident, three U.S. airplanes were shot down and one warship was sunk in the Gulf of Sidra. In the latest clash, many U.S. aircrafts were downed. The Soviet Union and other countries in the socialist community, the Arab states, and independent nationalist countries in all the five continents have declared their support for Libya. The current conference of the nonaligned countries' foreign ministers in New Delhi has stated that it considers the U.S. actions against Libya as actions against the Nonaligned Movement itself. Many West European nations have voiced their disapproval of military and economic sanctions against Libya. Spain, France, and Italy refused to allow U.S. airplanes to cross their airspace to attack Libya. As the PARIS QUOTIDIEN remarked on 14 April: Europe does not want to become a battlefield.

For its part, the Netherlands Government, chairman of the EEC, declared that the U.S. action was a slap in the face of the community. Public opinion has also charged that the U.S. aggressive attacks against Libya were also aimed at diverting the attention of world opinion, which has condemned the 10 April U.S. nuclear weapons test in Nevada.

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CSO: 4209/449

VFF supports Libya's 'Just Struggle'

OW171723 Hanoi VNA in English 1651 GMT 17 Apr 86

[Text] Hanoi, 17 Apr (VNA)--A meeting was held this evening to express Vietnam's solidarity with and support for the Libyan people in their just struggle against U.S. acts of aggression.

The meeting was jointly sponsored by the Vietnam Fatherland Front Central Committee, the Committee for Solidarity and Friendship With Other Peoples (CSFOP), the Vietnam-Libya Friendship Association, the Vietnam AAPSO Committee and the Vietnam Peace Committee.

Among those present on the presidium were Song Hao, member of the Communist Party of Vietnam Central Committee and president of the Vietnam-Libya Friendship Association; Trinh Ngoc Thai, deputy head of the CPV Central Committee's International Department and secretary general of the CSPOP; and 'Abd al-Salim Al Arabi Munir, secretary of the People's Bureau of the Socialist People's Libyan Arab Jamahiriya in Vietnam.

Speaking at the meeting, Tran Van An, vice president and secretary general of the Vietnam AAPSO Committee, energetically condemned the U.S.' recent barbarous bombings of Tripoli and the port city of Benghazi. He described them as an extremely dangerous military escalation by the Reagan administration, a gross violation of the UN Charter and international laws, and a blatant encroachment upon the independence and sovereignty of Libya. These moves, he said, have further strained the situation in the Mediterranean and the world as a whole.

Tran Van An said: "The Vietnamese people express deep sympathy with the fraternal Libyan people who are coping with the U.S. imperialists' aggression. They note with satisfaction that, in spite of numerous difficulties and trials, the Libyan people are courageously fighting with might and main for their independence, sovereignty and territorial integrity. The Vietnamese people have always expressed their close solidarity with and strong support for the struggle of the people of Libya and other Arab countries against U.S. imperialism."

Addressing the participants, 'Abd al-Salim Al Arabi Munir condemned the wicket plots and maneuvers by the United States against Libya and other Arab countries, he said:

"The Libyan people is a peace-loving nation and the United States is the biggest international terrorist. To cope with U.S. aggression, the Libyan people are resolved to defend their homeland and call on the progressive forces throughout the world to stand on their side."

He expressed the Libyan people's gratitude to the Vietnamese party, government and people for their solidarity with and strong and timely support for Libya's just struggle.

Another meeting was arranged here this afternoon by representatives of the Hanoi women in support of Libya's struggle against U.S. aggression.

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CSO: 4200/927

INTERNATIONAL RELATIONS, TRADE, AND AID

TRUONG, PHAM GREET SYRIAN NATIONAL DAY

OW162352 Hanoi VNA in English 1607 GMT 16 Apr 86

[Text] Hanoi, 16 Apr (VNA)—Vietnamese leaders today extended greetings to their Syrian counterparts on the 40th national day of the Syrian Arab Republic. The message was jointly signed by State Council President Truong Chinh and Chairman of the Council of Ministers Pham Van Dong and addressed to President Hafiz al-Assad and Prime Minister 'Abd al-Ra'uf al-Kasm.

It puts high value to the victories of great significance won by the Syrian people in their struggle in defense of the national independence, for the construction of the country, and against imperialism and Zionism. The message "fully supports the just cause of the Syrian people" and "sincerely wishes them still greater success in their glorious cause, thus contributing to the common struggle of the Arab people and the people of the world against imperialism and Zionism, for peace, security and stability in the Middle East and other parts of the world."

"May the militant solidarity, friendly ties and cooperation between the peoples of Vietnam and Syria constantly strengthen and develop," the message concludes.

Also on this occasion Foreign Minister Nguyen Co Thach has sent a message of greetings to his Syrian opposite number, Farouk al-Shara'. The Vietnam-Syria Friendship Association has also extended greetings to its counterpart in Syria.

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CSO: 4200/927

INTERNATIONAL RELATIONS, TRADE, AND AID

BRITISH PARLIAMENTARIANS END WEEK-LONG VISIT

OW170003 Hanoi VNA in English 1535 GMT 16 Apr 86

[Text] Hanoi, 16 Apr (VNA)—A delegation of the Foreign Affairs Committee of the British House of Commons, led by Anthony Kershaw, chairman of the committee, left here today concluding a week-long visit to Vietnam at the invitation of Vietnam's Foreign Ministry. During its stay here, the delegation paid tribute to President Ho Chi Minh at his mausoleum and visited his home and office.

The delegation was separately received by Vice Chairman of the Council of Ministers Tran Quynh, Chairman of the Committee for Foreign Relations of the National Assembly Vu Quang, Vice Foreign Minister Hoang Bich Son and Vice Minister of Foreign Trade Hoang Trong Dai.

It had working sessions with Assistant to the Foreign Minister Le Mai. Hosts and guests exchanged views on international and regional issues of mutual concern. The British Parliament members expressed their admiration at the past struggle for national independence and liberation, and their sympathy with the difficulties met by the Vietnamese people in their post-war reconstruction. They also expressed their satisfaction over the results of the visit, which, according to them, would certainly contribute to increasing the understanding and the friendly relations between the two countries.

The delegation called on the mayor of Hanoi and a deputy mayor of Ho Chi Minh City, and toured some economic and cultural establishments.

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CSO: 4200/927

INTERNATIONAL RELATIONS, TRADE, AND AID

NHAN DAN HAILS ECONOMIC TIES WITH ROMANIA

OW170803 Hanoi VNA in English 0732 GMT 17 Apr 86

[Text] Hanoi, 17 Apr (VNA)—"The signing of the first document on the establishment of economic and commercial relations between Vietnam and Romania 30 years ago (17 April) opened a new stage of development in their friendship and economic and commercial cooperation based on solidarity and mutual assistance, in the interests of the two peoples and of the socialist community," says NHAN DAN in an article today marking the 30th anniversary of Vietnam-Romania economic and commercial relations.

The paper continues: "The Vietnamese people note with pleasure the practical results of their economic and commercial cooperation with Romania over the past 30 years. With Romania's aid and loans, we have built several projects. We have exchanged our products with Romania for machinery and equipment. We have also discussed with Romania measures to further enhance the economic cooperation and commercial exchange between the two countries."

"On this occasion, we once again express our sincere and deep thanks to the party, government and people of Romania for their valuable support and assistance to our revolutionary cause."

The paper wishes the Romanian people greater achievements in their socialist construction and in successfully implementing the resolutions of the 13th Congress of the Romanian Communist Party. It also wishes for further development of the Vietnam-Romania friendship.

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CSO: 4200/927

INTERNATIONAL RELATIONS, TRADE, AND AID

CPV CENTRAL COMMITTEE GREETES 11TH SED CONGRESS

OW172128 Hanoi VNA in English 1536 GMT 17 Apr 86

[Text] Hanoi, 17 Apr (VNA)—The Central Committee of the Communist Party of Vietnam today extended its greetings to the 11th Congress of the Socialist Unity Party of Germany (SED).

The message notes that the German Democratic Republic, under the leadership of the SED, has reached the most brilliant development ever in the history of the country. "This success and the party's foreign policy of peace are making active contributions to strengthening the socialist system, consolidating peace, security in Europe, and promoting the world people's struggle for peace, national independence, democracy and social progress," the message says.

It wished the "working class and the people of the GDR, in the light of the solutions to be adopted at the congress, will get greater achievements in building a developed socialist society." The message expressed "sincere thanks to the SED and the people of the GDR for their valuable support in the spirit of socialist internationalism to the Vietnamese people in their struggles against the French and U.S. aggressions in the past, and in their present efforts in building socialism and defending their homeland."

"The CPV notes with pleasure that the friendship and militant solidarity between the two parties and peoples have constantly consolidated and developed, and that the December 1977 Vietnam-GDR Treaty of Friendship and Cooperation has come to fruition, thereby helping further develop the two countries' revolution," the message concludes.

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CSO: 4200/927

INTERNATIONAL RELATIONS, TRADE, AND AID

NHAN DAN MARKS CAMBODIA'S 11TH VICTORY DAY

OW172049 Hanoi VNA in English 1528 GMT 17 Apr 86

[Text] Hanoi, 17 Apr (VNA)—The paper NHAN DAN today runs an article marking the 11th victory day (17 April) of the Kampuchean people over the U.S. aggressors and their henchmen. The paper recalls the betrayal of the Chinese-backed Pol Pot-Ieng Sary-Khieu Samphan clique to the revolution and people of Kampuchea, plunging the country into the nightmare of extermination.

But the Kampuchean people, with the all-out support of the people and army of Vietnam, the paper says, overthrew the genocidal Pol Pot regime in 7 January, 1979 and regained the revolutionary fruition resulting from the victory over the U.S. aggressors and their stooge. The 7 January 1979 victory gave birth to the People's Republic of Kampuchea and was the successor to the 17 April 1975 victory.

The paper notes that over the past seven years, the Kampuchean people have overcome numerous difficulties and hardships caused by natural calamities and the enemy sabotage, and steadily advanced in their marvelous revival, thoroughly changing the country's image. The national economy has been gradually brought to normal. Last year, peasants throughout the country put more than 1.5 million ha under rice and gathered a total output of two million tons. The herd of cattle stood at two million. In the 1985-86 school year, 1.8 million children were admitted to general education schools and nearly 900,000 adults to complementary education classes. The medical network has been expanded to every village.

The revolutionary administrations at all levels, the paper continues, have constantly strengthened. Particularly the resounding military victory in the 1984-85 dry season proved the rapid growth of the Kampuchean revolutionary armed forces, thus strengthening the PRK position and power.

These comprehensive achievements have illustrated the great force of the Kampuchean revolution and the irreversible situation in the country, the paper remarks.

Although the enemy refused to learn from their heavy defeats and insisted on their wicked designs of undermining Kampuchea's reconstruction and the Indochinese peoples' unity, the Kampuchean people are determined to firmly

defend their revolutionary gains, foiling all the moves and acts of sabotage of the Chinese expansionists, the U.S. imperialists and their mercenaries, . notes the paper.

The Vietnamese people once again pledge to stand shoulder to shoulder with the Kampuchean people to defend their new life, NHAN DAN stresses in conclusion.

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CSO: 4200/927

INTERNATIONAL RELATIONS, TRADE, AND AID

1985 FOREIGN TRADE ACTIVITIES REVIEWED

Hanoi NGOAI THUONG in Vietnamese Jan 86 pp 10-13

[Article: "Reviewing Foreign Trade Activities in 1985"]

[Text] In 1985, while ensuring the fulfillment of the national export-import plan in order to fulfill the norms set forth by the Fifth Party Congress for the 1981-1985 5-year plan, many tasks were carried out to implement Resolution 19 of the Political Bureau on economic relations between our country and foreign countries and the resolution of the Sixth Plenum of the Party Central Committee, and especially to perfect the system of policies and measures to encourage the development of the production of export goods, change the export-import commercial activities to the sectors managing production and commerce, expand the export-import activities of the localities, and fulfill the Ministry of Foreign Trade's state management mission regarding exporting and importing.

I. On fulfilling the 1985 export-import plan:

The 1985 foreign trade activities were carried out under conditions of the economy not yet being stable, there still being a number of serious imbalances, the prices of goods increasing rapidly, etc. That situation considerably affected plan fulfillment, especially providing materials, raw materials, and the other production conditions for the production and state purchasing of exports, ensuring foreign exchange for imports, and hiring the transporting of imports and exports. On the world markets, competition in the exporting of goods became increasingly fierce and prices tended to move considerably downward in the case of agricultural, forestry, and maritime products, which account for a large part of our exports.

Despite those difficulties, in 1985 the entire nation fulfilled both the export and the import plan norms. In 1985 the export index increased by about 8 percent in comparison to 1984 and doubled in comparison to 1981, the first year of the 1981-1985 5-year plan. With the fulfillment of the 1985 export plan the foreign trade sector also fulfilled the 1981-1985 export plan norm set forth by the Fifth Party Congress.

Export by the central export-import general corporations and corporations accounted for 84.3 percent of the total export index in 1985, and direct

exports by the localities accounted for 15.7 percent. The general corporations and corporations accounted for 93 percent of all imports, while the local export-import organizations accounted for 7 percent.

The value of goods exported to socialist market accounted for 61 percent of the total and goods exported to nonsocialist market accounted for 39 percent. The value of imports from the socialist markets accounted for 78 percent of the total and imports from the nonsocialist market accounted for 22 percent.

The above export-import ratios reflect the important position of the goods exchange relationships between our country and the socialist countries with regard to the volume and value of goods. Even more noteworthy, that exchange of goods was planned for the entire 5-year plan period and the structure and prices of goods were relatively stable, which created conditions for serving the production of export goods, meeting the economy's import needs, and stabilizing the effectiveness of exports and imports. In contrast, in 1985 the exchange of goods with capitalist countries was carried out under conditions of unstable prices and far lower prices for our export goods, primarily agricultural, forestry, and aquatic products, while the prices of imports remained at a high level or declined insignificantly. The price fluctuations seriously affected the results of exporting-importing and the fulfillment of the import needs of the economy and life in our country. According to preliminary figures, the prices of our agricultural, aquatic, and forestry products exported to the capitalist markets declined by an average of more than 33 percent, while the prices of our imports from those markets declined by only about 10 percent.

In 1985 the volume of goods exported by the local economy increased considerably. In comparison to 1984, canned goods tripled, sesame doubled, coconut oil tripled, and the various kinds of aquatic products increased 1.5 times. Especially, the export of copra increased by more than 10-fold. A number of other products, such as cashew nuts, tung nuts, etc., were exported in considerable numbers, which contributed to increasing the country's export index. In all, the volume of goods exported by the local economy increased by 50 percent over 1984, which clearly indicated that promoting exports by the local economy is a correct policy. If the prices of goods exported to the capitalist market had remained at their 1984 levels, the national export index would have been even higher in 1985.

In 1985, difficulties were encountered in marketing some of our exports on the international market, especially a number of agricultural products, pharmaceuticals, etc. Therefore, we must do a better job of organizing market research, do a better job of setting up direct trade relations with the international markets, and ensure that planning the development of exports is appropriate to the capacities of the international markets.

In 1985 the exchange of goods with the socialist countries developed further. The government took steps to ensure the production and concentration of export goods in order to implement the protocol on the exchange of goods between our country and the Soviet Union and the other socialist countries. In addition to fulfilling our export commitments in 1985 we repaid our 1984 debt obligations with such products as coffee, peanuts, and coal. In addition to

carrying out the exchange of goods according to the Protocol, a number of central and local export organizations exchanged additional quantities of goods outside the Protocol with our friends. However, because the exchange of goods outside the Protocol was still decentralized and unplanned, the results were limited.

In economic relations with foreign countries, our Party and state affirmed that the socialist countries are the priority objectives and the basic, long-range markets. Because the exchange of goods between our country and the socialist countries is part of the process of the internationalization of production of the socialist countries, it is planned and manifests the stable and permanent economic relations, and is based on the international division of labor. Research on expanding and stabilizing trade relations between our country and the socialist countries in general, especially the member nations of the Council for Mutual Economic Assistance, will create conditions for stabilizing plans to develop production, increase production, and meet the import needs of the national economy.

With regard to the nonsocialist markets, in 1985 we expanded direct trade relations with a number of export markets, such as Indonesia, Australia, etc., but the volume of directly exchanged goods was not yet large. Most of those exports continued to pass through such intermediate markets as Hong Kong, Singapore, etc. Therefore, when difficulties were experienced on those markets the selling of exports was greatly affected.

With regard to imports, in 1985 the import index surpassed the plan by 10 percent and increased by 1.5 percent over 1984. All import plan norms of the central echelon regarding the important goods, such as POL, fertilizer, insecticides, steel, cotton, etc., were fulfilled. With regard to importing by the localities, the plan to import production means was underfulfilled. Especially, some production means which serve agriculture, production means which serve agriculture, such as fertilizer, insecticides, etc., attained only 20 to 30 percent of the plan norms. The ratio of consumer goods imports among local imports increased over previous years and accounted for 40 percent of all local imports. The increase in consumer imports by the localities limited their ability to import materials and raw materials to serve production, created an attitude of liking to use foreign goods, and affected the production of industry, small industry, and handicrafts producing consumer goods in our country.

II. Regarding the implementation of policies and measures to encourage the development of export goods, promote exports, and strengthen export-import management.

In June 1985 the Council of Ministers promulgated Resolution 177-HDBT regarding policies and measures for encouraging the development of the production of export goods, promoting exports, and strengthening export-import management. Prior to that, on 30 April 1985, there was promulgated Decree No 128-HDBT regarding state management by the Ministry of Foreign Trade vis-a-vis export-import activities and the organization of exporting-importing. The promulgation of those documents continued to form a complete system of policies and measures to encourage the sectors, localities, production bases,

and export-import organizations to increase investment, exploit potential to develop the production of exports and promote exporting, while at the same time forming a network of organizations involved in foreign trade activities and a state management mechanism with regard to the organization of exporting-importing and export-import activities. In order to implement the stipulations of those two documents, in 1985 the following tasks were carried out:

1. A number of export-import organizations were transferred from the Ministry of Foreign Trade to the other ministries managing production and commerce. With regard to exporting, the export-import organizations remaining directly under the Ministry of Foreign Trade primarily have the function of engaging in the trading of a number of small industry-handicrafts products in the local economic sector and in importing and dealing in the principal central-echelon products, in order to supply them to the national economy. The export index of the export-import corporations was equal to about 20 percent of the central-level export index and the import index amounted to 80 percent of the central-level import index.

The system of central-level export-import organizations includes 10 general corporations and corporations directly under the Ministry of Foreign Trade includes 10 general corporations and corporations directly under the Ministry of Foreign Trade, 12 general corporations and corporations directly under the sectors, and two export-import corporations directly under the production enterprise federations.

Along with reforming the system of central export-import organizations, the right of a number of provinces and municipalities directly under the central echelon to engage directly in exporting and importing was expanded.

By the end of 1985 the system of local export-import organizations included 22 general corporations and the export-import corporation federations of the provinces, municipalities, and special zones directly under the central echelon and an export-import federation (CENTRIMEX) of six southern Trung Bo and Central Highlands provinces.

2. We gradually applied measures to encourage the production of export goods, especially in the spheres of providing materials for production and the state purchasing of export goods, and concentrated the sources of export goods on fulfilling our country's commitments to foreign countries.

3. We exercised state management of export-import activities and export-import organizations, especially in the sphere of managing the signing of contracts and carrying out exporting-importing in accordance with our foreign trade commitments.

In the application of measures regarding the organization and management of export-import activities during the recent period it is possible to point out the following features:

- a. A number of export-import general corporations and corporations were transferred to the direct management of the production and commerce management

ministries and began to play a role in combining export-import activities with production activities and in tying in the market with the production of the export goods by those ministries. The tying in of the market to production served to further the improvement of product quality, increased production, and the stabilization of market relationship. The export indices of a number of export-import corporations directly under the ministries have increased stably over the years, such as that of the Textiles Export-Import General corporation (TEXTIMEX). However, many other export-import general corporations and corporations have not yet undergone a notable transformation. Especially, the export-import general corporations and corporations directly under the ministries, the principal sources of export-import goods of which are produced by the local economy, encountered many difficulties in organizing production, creating sources of export goods, and encouraging the attainment of the export plan norms that were assigned.

The transferring of the export-import organizations to the sectors is intended to tie in production with the market and to promote the production and exporting of goods produced by installations managed by the Ministry. But because there are still too few specialized export products, the export-import general corporations of the sectors have tended to expand trading in goods managed by the other ministries or sectors and have added to the complexity in exporting and importing.

The matter of allowing a number of additional provinces and localities to engage directly in exporting and importing has not yet paid a role because a number of local export-import corporations had only recently been authorized to engage in exporting-importing and did not export or import directly in 1985 because they lacked the necessary conditions with regard to the volume of export goods, their organizational apparatus and corps of cadres, and level of knowledge about economics, the market, and foreign trade.

Under the conditions of their still being few sources of export goods, the tendency to organize corporations to specialize in local exports (of provinces, municipalities, districts, etc.) is creating the situation of dispersing the sources of export goods, adding to the number of apparatus dealing in exports, and both causing waste and having little practical effect. The setting up of many organizations to specialize in local exports has also increased competition in buying and selling in the localities and created difficulties for the effective and beneficial use of local exports and imports.

The setting up of export-import corporations in six southern Trung Bo and Central Highlands provinces created conditions for concentrating exporting and importing and fulfilling the missions of exporting goods produced by those localities and importing to meet the local needs. The localities--components of a federation--are free to concern themselves with producing, investing, and creating sources of export goods. The initial results of the commercial activities of Centrimes may provide us with a model in bringing together the local export-import organizations.

b. In 1985 the tardy promulgation of export-import plan norms affected the signing of contracts to produce, and supply materials for the production

of, exports. Although the state assigned priority in supplying materials for the production of export goods, because ~~these~~ stipulations had not been concretized and because of imbalances with regard to materials, raw materials, etc., the installations producing export goods still did not receive sufficient materials for production, which affected the fulfillment of norms concerning turning over export goods to the state and exporting (cloth shoes and rubber sandals). Furthermore, the state export goods purchasing organizations were not promptly supplied materials so that they could purchase export goods in the localities, which affected the fulfillment of plans and created considerable difficulties for the localities in organizing state purchasing and controlling the sources of export goods.

Competition in purchasing export goods by the export-import organizations and the other economic organizations in the localities seriously affected state purchase prices and the concentration of exports to fulfill commitments with foreign countries. Competition was especially fierce and caused much harm with regard to the purchasing of export goods the prices of which increased suddenly on the international market, such as pepper and coffee, or the production value of which was greater than the domestic price, such as shrimp, squid, duck feathers, etc.

In 1985, the assigning of legal and export norms to a number of export-import general corporations was not explicit, which prevented the export-import organizations from having a basis on which to take the initiative to fulfill plans. The norms assigned to a number of general corporations include exports produced in accordance with legal norms (ensured by the export goods assigned by the sectors and localities to produce and deliver) and those which are produced outside the legal norms and the export of which is commissioned by the localities). On the other hand, the norms assigned to a number of other corporations only include export goods produced in accordance with legal norms. Because of that assigning of plan norms, a number of general corporations (such as Naforimex) have fulfilled their plan norms quite easily, while others (such as Agrexport, Animex, etc.) have encountered many difficulties.

The export-import general corporations directly under the different ministries did not apply the same buying and selling modes vis-a-vis the localities and production installations, which caused irrationalities in relations between the central level and the local level and between the state and the production installations. For example, with regard to rattan and bamboo items and artistic handicrafts, in general the state applied the model of buying and selling at domestic prices and selling the localities and installations part (20 to 25 percent) of the materials they needed, but some central-level export-import corporations widely applied other modes of commissioning exports and repaid the production installations with materials and goods equal to 70 percent of the value of the foreign exchange earned from the exports.

With regard to the state purchasing of peanut oil for export, some general corporations applied different norms vis-a-vis the selling of materials to the localities, which caused misunderstanding in relations between the production installations and the export-import organizations, and also gave rise to the

situation of competition in buying export goods of the localities and installations.

It is necessary to rectify the above irrationalities regarding the assignment of plan norms, the application of modes regarding buying and selling, materials norms, resales to the production installations, etc., in order to stabilize the buying-selling relationships and create conditions for the export-import organizations to take the initiative in commercial activity.

c. With regard to state management by the Ministry of Foreign Trade vis-a-vis export-import activities and export-import organizations, there must be regulations which further concretize the stipulations of Decree 128-HDBT to create a basis for management. The implementation of that task in the spheres of controlling commercial contracts with foreign countries, controlling payments, etc., did not begin until 1985. When issuing export-import permits, control began to have the effect of preventing and restricting such instances as domestic economic organizations which are not authorized to engage directly in exporting and importing on their own accord signing commercial contracts with foreign countries to carry out exporting and importing; dealing in products not within the scope of their business; buying and selling at irrational prices, which harms the national interest; exporting and importing goods for which permission has not been received from the competent organs of the state or with regard to which the settlement of accounts has not been ensured, etc.

The situation of the fulfillment of the 1985 export-import plan clearly demonstrated the advances in exploiting economic potential to promote exports. However, in the sphere of organizing export-import activities and managing export-import activities there are still many aspects which must be rectified in order to develop even greater effectiveness.

5616

CSO: 4209/442

INTERNATIONAL RELATIONS, TRADE, AND AID

BRIEFS

WEST DISARMAMENT POLICY 'STRONGLY CRITICIZED'--Hanoi, 15 Apr (VNA)--Speaking as an observer at an 8 April debate of the ad hoc committee for the convening of a world conference on disarmament, Ambassador Bui Xuan Nhat strongly criticized the Western countries' negative attitude towards an early convening of a world conference on disarmament. Bui Xuan Nhat, acting head of the Vietnamese permanent mission to the United Nations, voiced full support for the comprehensive and realistic proposals advanced by Soviet party leader M. S. Gorbachev in January 1986 for dismantling all nuclear weapons and reducing other weapons. The Vietnamese Government fully advocates the convening of a world conference on disarmament which would help promote mutual understanding and the road to disarmament and detente he stressed. [Text] [Hanoi VNA in English 1602 GMT 15 Apr 86 OW] /9274

ATOMIC ENERGY DELEGATION VISITS INDIA--Hanoi, 16 Apr (VNA)--A delegation of the Vietnam Institute of Atomic Energy led by Prof Nguyen Dinh Tu, minister of secondary vocational and higher education and director of the institute, has made a visit to India. The Vietnamese guests called at the Bhabha Atomic Research Centre (BARC) and other institutions, and exchanged experiences with Indian experts in this domain. Dr Radja Ramanna, president of the Indian Commission for Atomic Energy, received and had working sessions with the Vietnamese delegation. [Text] [Hanoi VNA in English 1616 GMT 16 Apr 86 OW] /9274

USSR GROUPS VISIT CENTRAL PROVINCE--Hanoi, 16 Apr (VNA)--A delegation of the Abkhazian Soviet Autonomous Republic has recently paid a visit to the Vietnam central province of Phu Khanh. It was headed by V. I. Dyakhovich, member of the Central Committee of the Communist Party of Georgia, chairman of the Council of Ministers of the Abkhazian Soviet Autonomous Republic and member of the Supreme Soviet of the USSR. The Abkhazian guests were warmly received by Nguyen Xuan Huu, member of the Communist Party of Vietnam Central Committee, secretary of the Phu Khanh Provincial Party Committee. The two sides discussed measures to further develop their friendship and cooperation. The guests also toured some economic establishments and scenic spots in the province. [Text] [Hanoi VNA in English 1533 GMT 16 Apr 86 OW] /9274

UNFAO AIDS TYPHOON-HIT PROVINCE--Hanoi, 16 Apr (VNA)--An aid project of the United Nations Food and Agriculture Organization (FAO) for the fishery branch of Binh Tri Thien Province was signed here yesterday. The document stipulates

that FAO will donate U.S. dollar 250,000 to the Vietnamese central province which was hit by the typhoon No 8 last year to purchase equipment and materials. Signatories were FAO representative to Vietnam C. I. Zakharyev and Vice Minister of Aquatic Products Nguyen Hong Can. [Text] [Hanoi VNA in English 1605 GMT 16 Apr 86 OW] /9274

PCI LEADER CONGRATULATED ON REELECTION--Hanoi, 16 Apr (VNA)--General Secretary of the Communist Party of Vietnam Central Committee Le Duan today extended his congratulations to Alessandro Natta on his re-election as secretary general of the Communist Party of Italy [PCI] Central Committee. General Secretary Le Duan wished his Italian counterpart success in his mission of heavy responsibilities. [Text] [Hanoi VNA in English 1522 GMT 16 Apr 86 OW] /9274

DELEGATION VISITS USSR--Hanoi, 17 Apr (VNA)--A delegation of the party and People's Committee of the Vung Tau-Con Dao special sector left here today for a visit to Baku, its twinned city and capital of the Azerbaijan Soviet Socialist Republic. The delegation is led by Nguyen Hoang Thuyet, deputy secretary of the special sector Party Committee and chairman of the People's Committee of Vung Tau-Con Dao. [Text] [Hanoi VNA in English 1546 GMT 17 Apr 86 OW] /9274

NGUYEN THANH BINH VISITS PORTUGAL--Hanoi, 17 Apr (VNA)--A delegation of the Communist Party of Vietnam led by Nguyen Thanh Binh, secretary of the CPV Central Committee, has left here for Portugal at the invitation of the Communist Party of Portugal Central Committee. [Text] [Hanoi VNA in English 1550 GMT 17 Apr 86 OW] /9274

CSO: 4200/927

SHARP PRICE INCREASES CAUSE CONCERN

Hanoi LAO DONG in Vietnamese 16 Jan 86 p 7

[Article by Thieu Mai: "Reader Current Concern, 'The Price Ladder'"]

[Text] At the beginning of September, some state policies on prices-wages-money were issued. Everyone was in high spirits, with the thought that the buying power of wages was on sure ground and that prices would gradually stabilize. So far, however, this has not come to pass. We discuss here a widespread tendency--that of giving free rein to prices.

In Hanoi, following the exchange of currency the "price fever" somewhat abated because staple commodities were then in adequate and regular supply at state commercial stores. Consumers took comfort from the fact that they were no longer dependent upon ration stamps and coupons; likewise, it was easy and convenient to purchase and sell. Nevertheless, in recent days that "fever" has recurred, with apparent signs of aggravation. This was partly caused by false rumors spread by enemy saboteurs that currency was going to be exchanged, or discontinued, prompting naive people to hurriedly buy merchandise at exorbitant prices abusively set by private traders. Another reason--a subjective one--is the sluggish way in which the price policy was carried out and a lack of appropriate measures. That shed light on state commerce's inability to restrain and guide market prices. Below is a case in point.

Around mid-December 1985, food stores in Hanoi suddenly stopped selling pork for 2 days without any notice or explanation, giving rise to a lot of gossip about an impending price increase and stock depletion. Immediately, food prices in the free market shot up, averaging 50 percent for 1 kg of pork. Other commodities quickly followed suit. When pork sales resumed with a 10-percent price increase, free market prices went down, but not remarkably, since pork was sold only in small amounts at state stores and it was no longer easy to buy it. Prices of other commodities including chicken, fish, eggs, and monosodium glutamate, went up--instead of down--because they were not always available at state stores. Consumers were compelled to acquiesce in new price hikes whenever they went out shopping. This clearly showed that state commerce not only failed to control free market prices, but also acted as a springboard for private merchants to raise them. Prices of some artistic handicraft goods, despite a readjustment

attempt, went up compared with the period prior to 1 September 1985--an increase designed to ensure profitability; and the price system is still neither homogeneous, nor stable. Same commodities sell at different prices in different localities. State prices rose at will purportedly to fit in with the new plateau, stay close to market prices, regulate consumption, and limit negativism arising from price differentials--an apparently rational argument. But whenever state trade stopped selling some commodity, its price in the free market immediately spiraled upward. And to "stay close to market prices," state trade had no choice but to jack up its prices. Here is an example. In the past, an imported vacuum bottle sold in Hanoi at 2,500 dong (former currency), later at 400 dong (new currency)--a price already seen by many as a bit high. Recently, once again state stores stopped selling the thermos, and the price in the free market rose to 550 dong. Now, if state stores resumed the sale, certainly their new prices would not be much lower than those in the free market. Thus, private merchants have taken advantage of state commerce and a commodity shortage to raise prices; and in return, state commerce has relied on the free market to set "realistic" prices, causing them to move up the ladder, as if everything were prearranged. Where would that "ladder" lead to? This is a concern of nearly all workers and civil servants. Cadres of the standard-of-living committee of the Hanoi Federation of Trade Unions have made a fuss about the current price situation. Cost-of-living subsidies to wages remain constant while prices continue to soar. This month--even this week--prices may be tens of percent higher than those last month--or last week. This reminded me of a very stimulating talk I had 4 months ago with Phan Loc, a Hanoi mechanical factory worker. "My wife," he said, "is also a high-level worker and we have a little child. The first month marking the end of the system of state subsidies and bureaucratic centralism, combined wages amounted to nearly 1,000 dong (new currency). Previously, our earnings, including price subsidies to wages, were less than 5,000 dong, half our present wages. My wife and I devised a saving plan, spending only one-half our salaries and depositing the balance in a bank. In a year, we will have set aside about 6,000 dong, enough to buy a television set assembled by a Ho Chi Minh City factory; then we can relax after a day's work and our child won't have to go to the neighborhood to view TV programs." At the time, I thought Loc's plan could easily come true. But yesterday as we met his first words were, "The plan has been broken."

"Which plan?" I asked.

"The plan to buy a TV set."

Giving me no time to refresh my memory, Loc shook his head and went on, "Last month, about this time I dropped by a metal-chemical store and stumbled upon the TV set I planned to buy. But the price tag of 16,000 dong. Refusing to believe my eyes, I inquired with the salesgirl and learned that I was not mistaken. Stunned, I shouted, 'Why did its price rise so high and so fast?' The salesgirl simply looked at me and laughed. Thus, our 'dream' of buying a T.V. set is broken. In the past few days, according to reports, state commerce has stopped selling the set, and the free market has raised its price to more than 20,000 dong. This is really horrible!"

What Pham Loc said is one of numerous stories we heard and saw around the price problem. Given these prices and wages, how can workers and civil servants acquire the things usually considered "valuable" for their families? Everyone hopes that all echelons and sectors, along with the state, will urgently find the most effective measures to properly implement the price policy in keeping with the resolution of the Eighth Plenum of the CPV Central Committee. Only by doing that can we ameliorate the living standards of laborers, especially workers and civil servants.

9213/9190

CSO: 4209/319

ECONOMIC PLANNING, TRADE, AND FINANCE

ECONOMIC ARBITRATION SECTOR IMPROVES CONTRACT WORK

OW150455 Hanoi Domestic Service in Vietnamese 1100 GMT 11 Apr 86

[Text] Implementing the Eighth Resolution of the Party Central Committee, the State Arbitration Sector has improved economic contracting and devised a new system of management in order to help better focus on planning and link it to economic accounting and socialist business.

The State Economic Arbitration Sector has striven to define a rational relationship between centralism and democracy, in order to firmly maintain the Central Government's centralized and uniform management, while vigorously promoting the right to initiative and creativity in production and business in localities and production installations. To that effect, the sector focuses its management on various types of economic contracts with norms lying within and beyond obligatory ones; stimulate production in accordance with a rational structure of sectors, regions, and components; and taps all potential in labor, land resources, occupations, and existing material-technical bases, in order to promote production.

The sector has exerted its impact on ensuring the observance of state discipline in the signing of contracts at economic management organs and grass-roots economic units, and upgraded the quality of the signing and implementation of economic contracts. Further progress has been noted in the signing and implementation of contracts, with production linked to material supplies and product consumption, production linked to commodity supply and transportation. It has also contributed to detecting imbalances, improving and perfecting plans, with suggestions for change, and improving and perfecting plan norms.

However, there remain shortcomings in the implementation of the economic contract system which should be overcome in time: Contracting and planning are not matched; the signing of economic contracts by production installations--in terms of norms and guidance for plan formulation--in general has not been widely applied; planning quality is not yet high; assignment of plan norms to production installations by sectors and localities is still low, not uniform, not geared to state-prescribed norms, and not yet commensurate with the production capacity of production installations; fluctuating and dissimilar prices have led to obstacles, unnecessary waiting, refusal or delay in signing economic contracts, or signing of contracts with norms below those assigned;

coordination among sectors and upper economic management organs in assigning and giving notice for relating plan norms has still been loosely carried out, thus causing unnecessary waiting and confusion for production installations in signing economic contracts; the guidance, control, and supervision by higher economic management organs in the process of the signing and implementation of economic contracts have not been uniform and evenly carried out; wiping off debts and settling accounts has not been done in time, with lingering debts noted, along with the use of one production installation's capital by another, thus greatly impeding economic accounting and socialist business.

This year, in economic contract work, the State Economic Arbitration Sector directs its attention to managing the most important categories of economic contracts related to essential products in the national economy, with emphasis on material supply, commodity consumption, and joint venture and economic integration contracts. It continues to build, and perfect, its organization, and establishes economic arbitration apparatuses in all districts, precincts, and cities across the country.

/9274

CSO: 4209/449

STRENGTHENING OF PLAN IMPLEMENTATION GUIDANCE URGED

Hanoi TAP CHI KE HOACH HOA in Vietnamese Nov 85 pp 10-11

[Article: "Strengthen the Organization and Guidance of Plan Implementation"]

[Text] The direction of the sixth, seventh, and eighth resolutions of the Party Central Committee, which is very basic and correct, has opened up prospects for renovating planning of the national economy. But eliminating the bureaucratic centralism-state subsidy planning mechanism, forming a dynamic, effective new mechanism, and on that basis correctly implementing the democratic centralism system and fully understanding the principles of economic management and socialist commerce is an extremely difficult and complicated process of revolutionary struggle that encompasses the major economic-social relationships and must be carried out under the conditions of the economy being very imbalanced. In beginning the implementation of Resolution 8, which is tied in with the process of organizing the implementation of plans, during the recent period we have carried out very correct tasks and achieved good results. Overcoming difficulties in the process of fulfilling plans, many basic economic units and a number of sectors have taken the initiative in reorganizing production and commerce, improving management, and promoting production. Many provinces and municipalities have combined socialist transformation with strengthening market and price management and doing a better job of controlling goods and money. But there are still many tasks which have not yet been carried out, including the promulgation and implementation of many new regulations regarding planning and economic management. Furthermore, there have been deficiencies in the carrying out of some tasks, which has adversely affected the results of plan fulfillment. That is unavoidable because it is a very great, very new task, but especially because of failure to fully and strictly understand the viewpoints and guiding thoughts of Resolution 8 and Resolution 28 of the Political Bureau. Noteworthy is the fact that the task of organizing the implementation of new policies and plan fulfillment have not been closely combined, implementation guidance has not been appropriate to the actual situation, and there has been a lack of complete measures for each rational step.

Firmly grasping the contents of the resolutions of the Party, the echelons and sectors must promote the implementation of the new policies of the Party and state, and change economic and social activities over to the new mechanism of

economic accounting and socialist commerce, in which a central mission is endeavoring to victoriously fulfill the 1985 state plan and urgently complete the preparatory tasks in order to do a good job of fulfilling the 1986 plan. During the last months of this year, the sectors, localities, and basic units must do a good job of organizing the implementation of the following urgent tasks:

First, endeavor to attain the plan norms regarding production, exporting, and distribution-circulation.

In agriculture, an urgent mission at present is to do a good job of organizing the harvesting of 10th month rice (in the south, to do a good job of tending and fertilizing), promote the production of subsidiary food crops and winter industrial crops, and do a truly good job in the 1985-1986 winter-spring season. Grain production is the most important front and demands all-out efforts of the sectors and localities in striving to fulfill and surpass plans with regard to area, yield, and output. Ensuring victory for this year's winter-spring season has an extremely important significance with regard to the 1986 rice output goal. We must endeavor to attain nearly 1.8 million hectares, an increase of 21,000 hectares; a yield of 40 quintals per hectare, an increase of 4.8 quintals per hectare; and an output of more than 7 million tons, an increase of nearly 1 million ton over the previous season. Even during the present month the entire nation must make the greatest possible efforts to attain those plan norms. Intensive cultivation will account for the greatest part of the increased output. In practicing intensive cultivation, it is necessary to ensure sufficient quantities of good seeds and irrigation water, guard against and eliminate insects and diseases, etc. An important matter is that there must be sufficient numbers of good rice varieties suitable for each ecological area and the quality of seeds must be good.

Endeavoring to fulfill the industrial production norms with regard to such key products as coal, electricity, cement, textiles, paper, fertilizer, export products, etc., is also an important mission in ensuring the major balances of the national economy.

In addition to the efforts of each sector, locality, and basic unit, the upper-echelon management organs and the economic and technical service organizations must strongly reorient their activities along the lines of effectively serving production and doing a good job of carrying out such key tasks as rapidly implementing the new price plans; organizing coordination among the production units, transportation, and consumption to accelerate the process of consuming material and goods according to plan; and giving priority in supplying materials, raw materials, energy, capital, etc., to the production bases, paying special attention to meeting all needs of agricultural production and the production of export goods, including the supplying in advance of materials and capital for the localities so that they can keep up with the production schedule.

The fulfillment of plan missions regarding distribution and circulation is still a burning topic. It is necessary to continue to further promote the state purchasing of grain and ensure that the full quantities of materials,

goods, and money are distributed to the localities in order to mobilize all of the peasants' surplus rice. The sectors and echelons must provide close, prompt guidance in the implementation of contracts for the state purchasing of agricultural products and contracts to market the products of the state production bases in order to control most of the small industry and handicrafts products; expand the socialist commercial network and promote sales; step up socialist transformation and resolutely and continuously attack the speculators, blackmarketers, and dishonest merchants; and ensure that the state has a monopoly in the principal goods in order to stabilize prices, salaries, money, and production.

The financial-banking work must undergo a new transformation and further promote the collection of taxes, especially in the key areas. It must review and recalculate the financial norms and encourage and tightly manage the enterprises, state economic organizations, and cooperatives in doing a good job of fulfilling their obligation to make payments to the central funds, and closely manage monetary expenditures.

Second, strengthen the organization of management, practice absolute economy, and endeavor to reduce production costs and circulation expenses. Those tasks must be carried out immediately, at the same time, and solidly, along with the fulfillment of plan norms regarding production, circulation, and market transformation and management. In drafting new price schedules, many enterprises, state farms, corporations, etc., have experience in struggling to eliminate incorrect ways of thinking and working left behind by the bureaucratic centralism-state subsidy mechanism. We must resolutely eliminate all irrational expenses which were previously included in production costs, while at the same time implementing plans to rearrange and reorganize production and circulation, reviewing and lowering materials and fuel usage norms, rearrange and reduce the organization, and eliminating the intermediate phases in order to reduce labor expenses, increase labor productivity, apply technical advances, increase product quality, increase the utilization of the capacities of machinery and equipment, etc. Therefore, those production-commercial bases have ensured that the new production bases do not exceed selling prices of prices on the social market, that the enterprises earn appropriate profits, and that the state accumulates capital.

In addition to endeavoring to lower production costs and circulation expenses, it is necessary to urgently redefine and closely manage budgetary incomes and expenses in accordance with the new price system. It is necessary to overcome the situation of boasting and formalism, holding celebration feasts, excessively adulterating products, and wasting money on management and administration. The echelons, sectors, and basic units are responsible for strictly enforcing state discipline regarding prices, salaries, and money, contract discipline, and plan discipline.

Third, promote all tasks related to the preparation and implementation of the 1986 plan comprehensively and promptly, beginning in the last months of this year. On the basis of draft plans that have been defended before the upper echelon, the echelons must determine at an early date the plan missions for the lower echelons, especially the plan for the first quarter, so that the

basic level can take the initiative in preparing and carrying out plans, especially with regard to the seasonal production schedule.

At the same time, they must continue to deal with the plan imbalances, find ways to further develop new capabilities, and resolutely refrain from demanding that the upper echelon provide additional materials and capital, beyond the capabilities of the state, review and supplement the economic-technical norms, complete the drafting of new price plans, assign missions to the elements in each basic unit, etc.

It is necessary to carry out rapidly, efficiently, and with high quality the settlement of accounts and the assessment of results in fulfilling the 1985 plan, promote the signing of economic contracts regarding the supplying of materials, the marketing of products, cooperation in production, etc.

During the coming months the production-commercial situation of basic units may be even more difficult and there may be complicated developments, so the functional organs and the upper-echelon management organs must firmly grasp the actual situation, strengthen guidance of the basic-level units, promptly fulfill materials and capital requirements in accordance with plans that have been assigned to the basic units, promptly promulgate and guide the implementation of the new management policies and regulations, and cause all workers to have increased confidence and enthusiastically fulfill the 1986 state plan.

5616

CSO: 4209/361

AGRICULTURE

PERIODIC REVIEW OF AGRICULTURAL ACTIVITIES

OW150801 Hanoi Domestic Service in Vietnamese 1100 GMT 10 Apr 86

[Text] Dear listeners: Here are the main features of agricultural activities in the past week:

In the northern provinces, due to rainfall in the past week, conditions have been favorable for tending the fifth month-spring rice crop. The area of drought-hit ricefields has not increased but still remains large because the amount of rainfall was not uniform and significant. The drought-stricken area has reached about 170,00 hectares in Ha Bac Province, 150,000 hectares in Ha Nam Ninh Province, 140,000 hectares in Thanh Hoa Province, 130,000 hectares in Ha Son Binh Province, 120,000 hectares in Nghe Tinh Province, and around 10,000 hectares in Hanoi as well as in Vinh Phu.

Due to close coordination between the electricity and water conservancy services and owing to rainfall, many localities have fought drought with good results, thus creating conditions for riceplants to tiller more favorably. Almost all localities have completed the second and third weedings.

Noteworthy is that the rice area infested with harmful insects has increased rapidly in the past week. According to the Statistics General Department, by 7 April, about 132,000 hectares of rice in the northern provinces had been affected mainly by rice blast, rice caseworms, and stem borers, including 29,000 hectares in Binh Tri Thien, 22,000 hectares in Thanh Hoa, and more than 10,000 hectares in each of the provinces of Ha Nam Ninh and Thai Binh.

According to the Vegetation Protection Department, rice blast has seriously ravaged ricefields in the Bac Bo Delta, the Midlands, and the former Zone 4 provinces. The general insect infestation rate has reached 5-10 percent. Riceplants in some areas have withered and died. Currently, rice blast has affected about 50,000 hectares of rice, mainly in Nghe Tinh Province. Stem borers in age group 1-2 have also caused damage to the winter-spring rice crop. *Plusia eriosoma* has ravaged the winter-spring and early summer-fall rice crops in the coastal provinces of Central Vietnam. Localities have concentrated efforts on controlling rice pests right from the beginning to prevent them from spreading.

In the past week, the southern provinces have harvested about 350,00 hectares of winter-spring rice, or 96 percent of the acreage planted in the same period

last year; this is nearly 50 percent of the planted acreage. Cuu Long, Tien Giang, Kien Giang, and Quang Nam-Danang Provinces have almost finished harvesting the rice, while other provinces are still concentrating efforts on reaping the uniformly ripened rice. Affected by the cold weather, the winter-spring rice in some provinces has yielded an output below plan norms.

While concentrating efforts on harvesting the winter-spring rice, the southern provinces have plowed more than 240,000 hectares and sown 30,000 hectares of summer-fall rice. Currently, they are striving to complete harvesting the winter-spring rice to prevent it from being affected by rainfall in April and to shift to summer-fall rice cultivation. Preparations for cultivation work are proceeding favorably. Many localities have accelerated plowing work and sown rice on an acreage larger than that sown in the same period last year.

Currently, localities are actively fighting and eradicating the harmful insects which have ravaged the early summer-fall rice crop in many areas.

The cultivation season for winter-spring vegetables and subsidiary and industrial crops is almost over. Some localities are now striving to plant an additional acreage of manioc and corn. To date, the entire country has planted 484,000 hectares of subsidiary crops, or 72 percent of the acreage planted in the same period last year, with the northern provinces having planted the largest acreage. The cultivated acreage of corn and sweet potatoes is fairly large while that of manioc has reached nearly 130,000 hectares, only because of the blazing sun and the arid soil. This acreage represents 81 percent of that planted in the same period last year.

The entire country has so far planted more than 230,000 hectares of industrial crops, or nearly 96 percent of the acreage planted in the same period last year. The cultivated acreage of peanut and soybean is fairly large while that of tobacco and sugarcane is very small.

Taking advantage of the rainfall, localities are currently concentrating on seeding, fertilization, and the prevention and eradication of crop pests to create conditions for crops to develop well and yield a high output.

In order to ensure a successful winter-spring rice crop, the northern provinces should continue to properly and promptly control rice blast, stop applying nitrogenous fertilizer to the affected rice plantings, maintain a reasonable level of water in ricefields, and strive to eradicate stem borers, rice hispa, and rice caseworms with manual methods. They should also pay attention to detecting and stamping out planthopper pockets.

The fifth month spring rice plants have now begun to bud and are about to head. Therefore, it is necessary to actively control drought in order to ensure sufficient water for ricefields. Rice seeds must be readied right now for the 10th-month rice cultivation season. In particular in the areas affected by floods in the past 10th-month rice crop season, there must be a plan for collecting and changing rice seeds while ensuring their quantity, quality, and variety for the winter rice cultivation.

The southern provinces should strive to quickly complete harvesting the winter-spring rice, shift to the cultivation of the summer-fall and 10th-month rice crops, and plant an additional acreage of vegetables and subsidiary and industrial crops.

In livestock breeding, because of the shortage of feed during the preharvest time, localities should have a plan for supplying grain for the herd of hogs and sows in particular. In the localities where big hogs are available, there must be a plan for slaughtering part of them in order to secure sufficient fodder for the herd of pigs bred outside pigpens. It is necessary to urgently vaccinate domestic animals and birds against epizootic diseases while reweighting the herd of draft buffalo and cattle in order to take good care of them and ensure proper soil preparation work in the coming 10th-month rice crop season.

/9274

CSO: 4209/449

LABOR

LAO DONG DISCUSSES HAZARD DUTY WAGES, ALLOWANCES

Hanoi LAO DONG in Vietnamese 16 Jan 86 p 7

[Article: "LAO DONG Answers Readers on Hazard Duty Wages, Allowances"]

[Text] [Question] How are duty wages and allowances granted to workers and civil servants? [Mai Quang, Textbook Printing Plant]

[Answer] Workers and civil servants receiving hazard duty wages, or special hazard duty wages, are not eligible for hazard duty allowances, or special hazard duty allowances, and vice versa.

--Workers in occupations eligible for hazard duty wages may receive hazard duty wages whenever they work in hazardous conditions.

--Workers and civil servants in sectors and occupations not eligible for hazard duty wages may receive hazard duty allowances whenever they work in hazardous conditions.

--Some categories of workers--pilots of locomotives, river boats, and sea ships working in shifts; workers in mine shafts, and divers, etc., whose wages already reflect the hazard factor, are not eligible for hazard duty allowances.

[Question] What are the eligibility conditions for hazard duty wages or allowances? [Nguyen Thuan, Cao Son coal mine, Quang Ninh]

[Answer] These are occupations which include hazardous work with harmful effects on human health. Such work should take place in at least one of the following conditions:

--Work entering in direct contact with toxic substances, toxic gas, and toxic dusts reaching saturation and apt to toxify human bodies and cause occupational diseases.

--Work carried out in places affected by atmospheric pressures and high-pressure water, or lacking oxygen and air, which cannot be remedied by labor-protection measures.

--Work carried out in places that are extremely hot, or extremely cold arising from industry-related production conditions, which cannot be remedied.

--Work generating loud noises, or carried out in places affected by continuous high-frequency vibrations.

--Work requiring immersion in water, or stationing on elevated platforms, and accident-prone dangerous work.

--Work in places affected by radiation, massive X-rays, or electromagnetic waves harmful to human health.

--Work in direct contact with microbes and parasites, easily leading to infection.

[Question] Who are eligible for hazard duty wages or allowances? [Some readers at the Ha Bac mechanical factory]

[Answer] In light of the above principles and conditions, recipients of hazard duty wages or allowances are:

1. Recipients of hazard duty wages:

a. Those workers currently receiving wages, which include compensatory pay for exposure to harmful heat, or especially harmful heat, as regulated by Circular 20/LD--TT of 1 August 1960 of the Ministry of Labor and subsequent concordant documents, may continue to receive corresponding hazard duty, or special hazard duty, wages on a temporary basis. Three months at the latest, following application of the new wage system, sectors and localities should draw up a list of tasks entitled to hazard duty, or special hazard duty, wages and submit it to the Ministry of Labor for review and enforcement.

b. As for new tasks arising from actual production and not yet regulated by Circular 20/LD-TT and subsequent concordant documents, sectors and localities should catalog them separately and submit the lists to the Ministry of Labor for consideration.

2. Recipients of hazard duty allowances:

a. Those cadres and civil servants in the production and business sector working together with workers in hazardous places may receive hazard duty allowances to be based upon these workers' hazard duty wages. Their allowances should amount to:

--5 percent of total wages if they work alongside workers receiving hazard duty wages.

--10 percent if they work alongside workers receiving special hazard duty wages.

--15 percent if they work alongside workers in subterranean sites (mines, geological excavations, and construction).

b. Workers in some other occupations and cadres and civil servants of the administrative and technical sector (public health, etc.) are subject to separate regulations.

[Question] How are hazard duty wages and allowances computed? [Vu Thi Tam, union of weaving cooperatives in Nam Dinh and some other readers]

[Answer] Computation is as follows:

1. Hazard duty wages and allowances for workers and civil servants receiving wages according to time lengths are based on the length of time spent in hazardous places of work.
2. Hazard duty wages and allowances for workers receiving wages according to product value are based on unit wages.

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